

**PERCEIVED RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION,  
CUSTOMER SATISFACTION AND BANK PERFORMANCE IN SELECTED  
MONEY DEPOSIT BANK'S IN NIGERIA**

**By**

**GUMMI, Aminu Salisu**

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**BEING A FINAL THESIS SUBMITTED TO THE POSTGRADUATE SCHOOL,  
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AHMADU BELLO UNIVERSITY, ZARIA.**

**October, 2014**

## DECLARATION

I declare that the work in the thesis titled “*perceivedrelationship between Employee Satisfaction, Customer Satisfaction and Performance in Selected Deposit Money Banks in Nigeria*” has been performed by me in the Department of Business Administration. The information derived from the Literature has been duly acknowledged in the text and list of references provided. No part of this study was previously presented for another degree or diploma at any university.

GUMMI, AminuSalisu  
Name of Student

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## CERTIFICATION

This thesis titled “*Perceived Relationship between Employee Satisfaction, Customer Satisfaction and Performance in Selected Deposit Money Banks in Nigeria*” by GUMMI, Aminu Salisu meets the regulations governing the award of the Degree of Masters in Science in Business Administration of Ahmadu Bello University Zaria, and it is approved for the contribution to knowledge and literary presentation.

**Prof. Bello Sabo**  
Chairman Supervisory Committee

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Dr. Kabir Jinjiri Ringim**  
Member, Supervisory Committee

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Prof. Bello Sabo**  
Head Of Department

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
External Examiner

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Prof. Hassan A. Zoaka**  
Dean, School of postgraduate Studies

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## **DEDICATION**

This project is dedicated to Almighty Allah (SWT).

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Gummi, AminuSalisu

### **ABSTRACT**

*The study Perceived relationship between employee satisfaction, customer satisfaction and Banks performance in Nigeria. Despite many policies put in place to enhance workers' satisfaction and productivity, leading to customer satisfaction, and to possibly stamp out unethical practices in the banking sector especially, there are symptoms of sub-optimality observable from employees, employers, and customers in the industry. The objective of this study is to investigate the relationship between employee job satisfaction, customer satisfaction, and performance, to determine the relationship between employee job satisfaction as measured by employee motivation and firm performance as measured by performance in Nigerian Banks. The study made use of primary sources of data via the administration of questionnaire to obtain information. The findings of the study reveal that there is a link between job satisfaction and performance. The survival of the bank is certain provided they are able to generate profits regularly. It was recommended that bank management, should cater for the welfare of the employees in cash and in kind, they should also involve the employee in decision making process, there should be adequate motivation to the employees so that they can put more effort in the satisfaction of the customers, listen to them and give them necessary assistance where and when necessary.*

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

Employee satisfaction has been positively correlated to service quality, which was then linked to increased customer satisfaction. Customer satisfaction has been linked to the financial performance of the company, suggesting that employee satisfaction is linked to financial performance of the company. Thus, some researches have shown that satisfied employees could have a positive impact on the company's revenues and profits. Therefore, understanding the antecedents and organizational factors that influence employee and customer satisfaction, both positively and negatively, is critical to operational effectiveness. For this reason, customer satisfaction is one of the most studied customer reaction variable. Critical organizational implications include increased customer retention, performance and market share. Highly satisfied customers bring in more revenue and are more loyal than customers that are not as satisfied.

The term satisfaction with reference to employment relates to an employee's general affective attitude or orientation towards his job. A job can be deemed to be satisfying in terms of equity theory based on expectations and social considerations emanating from the daily discharge of the job. Thus, even if a job satisfies an employee's needs, he (the employee) would still tend to be dissatisfied if his effort will not lead to any form of satisfaction to be derived from the efforts. Or equally if his/her needs are satisfied with less effort. An employee will tend to perceive his job output as equitable only if it is the same ratio to his job input. Included in job input are levels of education, skill and efforts expended on the job, among others. Output, on the other hand, includes benefit of various kinds and rewards which the employee receives from the discharge of the job.

Managing job satisfaction is important for its humanitarian value and for its financial benefit. Edward (1987) posited that the relationship between employee productivity and customer satisfaction is very vital through bringing high quality motivation and through increasing working capabilities when implemented in the banking industry.

With the opening up of the economy of Nigeria, a dramatic change has been observed in the banking sector. Specifically, the expansion of commercial banking business, along with customized services, has created a severe implied competition in the industry. This competition has made the service gap wider as deposit money banks offer better service to their internal and external customers. The scenario has created an urge to the policy makers to identify the underlying factors and bring them into consideration on the issue of job satisfaction (Ganguli, 1994). He added that, it has been further envisaged that employees in banking industry play a key role in implementing policies that are more appealing to their customers. In such situation, job satisfaction becomes an important issue that has to be taken care of in order to achieve ultimate goals of the banking industry in Nigeria.

Job satisfaction could be seen as employee's perception of how well their job provides satisfaction for them which can be viewed as significant. Job satisfaction could be an expressive reply to a job situation. Job satisfaction is often assessed by how well some outcomes meet or go beyond hope. Work itself provides the means by which a job provides the individual with interesting tasks, responsibility and learning. The banks most times attend to their staff in the form of remuneration, allowances, and other benefits.

Freeman (1999) noted that the happier people are within their job, the more satisfied they are said to be. Job design aimed at enhancing job satisfaction and performance include job rotation, job enlargement and job enrichment. Others influences on satisfaction include the management style and the culture of employee work groups.

Employee satisfaction is essential for corporate success. Job satisfaction and occupational success are major factors in personal satisfaction, self-respect, self-esteem, and self-development. To the worker, job satisfaction brings pleasurable emotional state that often leads to a positive work attitude. A satisfied worker is more likely to be creative, flexible, innovative, and loyal (Murphy, 2002). For an organization, job satisfaction of its workers means a workforce that is motivated and committed to high quality performance. Increased productivity the quantity and quality of output per hour worked seems to be a by-product of improved quality of working life. It is important to note that the literature on the relation between job satisfaction and productivity is neither conclusive nor consistent, However studies dating back to Herzberg (1957) have shown at least low correlation between high morale and high productivity, and it does seem logical that more satisfied workers will tend to add more value to an organization, unhappy employees, who are motivated by fear of job loss, will not give 100 percent of their effort for very long time, though fear is a powerful motivator, it is also a temporary one and as soon as the threat is lifted performance will decline.

Employee satisfaction is thought to be one of the primary requirements of a well run organization and considered an imperative by all corporate managements. The last few years of globalization, the rise and the gradual perverseness of the internet have shaken up years of corporate practices in the banking system. Thus, Judge,(2004) stated that the challenges faced by human resources

departments have accordingly increased manifold as banks try to adjust to and use the new economic realities to their advantage. In Nigeria the banking deregulation has resulted in a huge change in the nature of skills required and available, and the country has made rapid progress to becoming a high service economy with the hope to top skills in many service areas, notably, finance, investments and banking. Businesses who recognize the need for satisfaction measurements find it not only easier to keep their customers, but essential to growing business within the customer base.

Bank Managers' one common threat runs through the functions, roles, skills, and approaches to management: each recognizes the paramount importance of managing people. Regardless of whether it is called "the leading function," "interpersonal roles," "Human skills," or "human resources management, communication and networking activities," it is clear that managers need to develop their staff skills if they are going to be effective and successful.

Managing job satisfaction, that is increasing job satisfaction, is important for its humanitarian value and for its financial benefit (due to employee behaviour). Job satisfaction and motivation promotes satisfaction, too. When an employee's needs are satisfied, he is on the whole happy. His satisfaction is of more direct concern. It is the key to other salient consequences. Thus a skilled mechanic while turning a lathe, day after day may feel bored but he will be happier if he is given a more diverse job, say maintenance of machines. And equipment managers in general are satisfied with jobs which are challenging in character and involve some creative thinking.

Job satisfaction is one of the most widely discussed and enthusiastically studied constructs in such related disciplines as industrial-organizational psychology, organizational behaviour, personnel

and human resource management and organizational management. It is a generalized affective orientation to all aspects of the job. In simple terms, it is the extent to which one feels good about the job. Job satisfaction is in regard to one's feelings or state of mind regarding the nature of their work. The source of job satisfaction is not only the job; it also emanates from working environment, supervision style, interpersonal relationship, and organizational culture. At present job satisfaction has been an important issue. People are interested to work in the organization as well as the services where they get more satisfaction. It is human behavior. And managers are willing to do what it takes to enhance the performance of their organizations. It is therefore of great interest to both employers and employees to determine the nature of the relationship between job satisfaction and performance with customer satisfaction serving as the link between the two. This study is therefore out to analyze the relationships between these important variables in the Nigerian Banking industry.

## **1.2 Statement of the Problem**

Exploring the effects of Job satisfaction on employee performance and on customer satisfaction, and how these variables could impact on financial outcomes of organizations have been an area of interest in the field of research in the banking Industry for quite some time now. Although, research has broadened the understanding of these relationships in various banking sector settings, to date there has been limited research efforts at analyzing these variables particularly within Nigerian banks. This study seeks to explore the linkages between Job satisfaction, employee commitment, customer satisfaction, and the financial outcomes derivable under these variables. Many employers are finding bottom-line reasons to implement business practices that lead to employee satisfaction. There are many reasons for employers to find ways to increase employee

job satisfaction and commitment. High levels of organizational commitment and the practices that are antecedent to it are expected to be related to several beneficial banking outcomes. These include increased attention to safety practices, increased attendance, fewer grievance filings, reduced employee turnover, higher customer satisfaction scores, improved customer linkage, larger profit margins, and increased banking industry effectiveness.

Despite many policies put in place to enhance workers' satisfaction and productivity, leading to customer satisfaction, and to possibly stamp out unethical practices in the banking sector especially, there are symptoms of sub-optimality observable from employees, employers, and customers in the industry. A visit to most banking halls on any working day will confirm this. It will therefore be very beneficial for all concerned to carry out an empirical study such as this one to establish clearly the nature and strength of the relationships between these key components.

Job satisfaction is good not only for employees but for employers too. It is important for the bank employees to be satisfied with their job. The satisfaction can make them devoted and committed to their responsibilities. This will then rub off the customers and ultimately the bank itself will reap the benefits. This study attempts to examine the interrelationships between employee satisfaction, customer satisfaction, and performance in the Nigerian banking industry.

### **1.3 Research Questions**

Based on the foregoing problems of the study, the following basic questions are raised:

- i. To what extent does employee job satisfaction affect the performance of banks in Nigeria?
- ii. To what extent does customer satisfaction affect the performance of banks in Nigeria?
- iii. To what extent does employee job satisfaction affect customer satisfaction of banks in Nigeria?

#### **1.4 Objectives of the Study**

The main objective of this study is to investigate the relationship between employee job satisfaction, customer satisfaction, and performance in the Nigerian banking industry. Specifically, the study sets out to:

- i. Determine the effect of employee job satisfaction on bank performance in Nigeria.
- ii. Examine the effect of customer satisfaction on bank performance in Nigeria.
- iii. Establish the effect of employee job satisfaction on bank customer satisfaction in Nigeria.

#### **1.5 Statement of Hypotheses**

For the purpose of this study, the following hypotheses (in null form) are formulated for testing:

H<sub>0</sub>1: Employee job satisfaction has no significant effect on bank performance in Nigeria.

H<sub>0</sub>2: Customer satisfaction has no significant effect on bank performance in Nigeria.

H<sub>0</sub>3: Customer satisfaction has no significant effect on bank performance in Nigeria.

#### **1.6 Significance of the Study**

The study will serve as a guide to managements of banks on employee motivation policies and the likely consequences of such policies vis-a-vis their customers and their profits. It is understood from literatures that differences in human resource practices, uncertainty in the environment, cultural differences and differences in organizational structure and changes in the managerial styles are some of the factors that cause these effects. It is expected that as these issues are revealed, the management will design possible ways of minimizing the weight of these effects on job satisfaction of the employees. Also, the recommendations will guide in achieving this objective and if implemented will lead to increased satisfaction which will improve efficiency in service

delivery. Employees' of banks will also benefit from the study in many respect. If their unexpressed worries are exposed through findings from this study and efforts made to provide remedy, it will alleviate their psychological trauma and will boost their morale thereby increasing their level of commitment and loyalty.

The study is also expected to be of benefit to regulatory authorities who have the mandate of protecting the interests of all stakeholders in the industry by bringing to light the actual relationships that exist in the industry and the directions for improvement. The recommendations will help regulatory authorities to create policies that will improve employee satisfaction and customer satisfaction and also help them to determine the future course of action to be pursued in the matter of banks activities as also in the context of establishing policies relating to employee and customers in the banking industry.

There are various studies conducted by various researchers on employee satisfaction and customer satisfaction in Nigeria but most of these studies center on either of the two, no study has combined both employee satisfaction and customer satisfaction. Therefore, the study is significant in the sense that it combined both employee satisfaction and customer satisfaction. The present study thus will improve the understanding of the impact of employee satisfaction and customer satisfaction on the performance of banks.

Students and other researchers will find this study beneficial. It will add empirical knowledge to the curriculum of management and marketing studies on issues of employee and customer satisfaction. The study will serve as a source of literature to other researchers and also enhance further studies in the area.

## **1.7 Scope of the Study**

This study aims at establishing the nature of the relationships between job satisfaction, customer satisfaction, and performance of banks in Nigeria. The study measures job satisfaction as a function of intrinsic and extrinsic dimensions as contained in the Minnesota Satisfaction Questionnaire (MSQ) developed by Weiss, Dawis, England and Lofquist (1967), while customer satisfaction was measured using the Service Quality (SERVQUAL) dimensions of tangibles, reliability, responsiveness, assurance and empathy developed by Parasuraman, Zeithaml and Berry (1985, 1988).

## **1.8 Limitations of the Study**

It is very difficult, if not impossible, to conduct a study of this nature without experiencing one or two challenges. This study like most studies was first and foremost confronted with the problem of the busy nature of the target respondents. The employees were always too busy to dedicate time to filling out the questionnaire for the study. However, this limitation was mitigated through continuous physical follow-ups and telephone calls. Moreover, exceeding the minimum return sample size by 10% assisted immensely in making up for the poor response. The same was observed for bank customers who always appear to be in a rush to get somewhere. Through persuasion, the research assistants were able to convince most of them to fill the questionnaire.

Another limitation that affected the collection of data was the sensitive nature of the information required from the employees and customers. Many of them were reluctant to provide information about what they feel regarding the current job and organization for fear of victimization. However,

repeated assurances to the respondents that the information collected will strictly be utilized for academic purposes aimed at improving the status quo increased their level of confidence. Despite the assurances however, some respondents refused to oblige.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter, related literature on this topic will be explored and reviewed. It will cover most aspects of employee satisfaction and customer satisfaction and bank performance. The chapter will provide the concept of job satisfaction, discusses factors which influence job satisfaction (the work itself, pay and benefits; supervision; promotion; coworkers, working conditions; stress at work; job; security; information communications technology), identifies factors that exhibit job dissatisfaction, compares different theories of motivation, and provides guidelines for promoting job satisfaction and Customer satisfaction.

#### **2.2 The Concept of Job Satisfaction**

Arthur (2004). In his journal "Effects of Human Resource Systems on Manufacturing Performance sees job satisfaction as the keying radiant that leads to recognition, income, promotion, and the achievement of the goals that lead to a general feeling of fulfillment. Job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job, an affective reaction to one's job, and an attitude towards one's job. Wiss (2002). This definition suggests that we form attitudes towards our jobs by taking into account our feeling our beliefs, and our behaviour. The term job satisfaction refers to a collection of feelings that an individual holds toward his or her job. A person with a high level of job satisfaction holds positive feelings about the job, while a person

who is dissatisfied with his or her job holds negative feelings about the job. When people speak of employee attitudes are often than not they mean job satisfaction. In fact, the two are frequently used interchangeably because of the high importance researchers have given to job satisfaction.

Liden, R. C. (2000) gave a comprehensive definition of job satisfaction as pleasurable or positive emotional state resulting from the appraisal of one's job or job experience. Job satisfaction is a result of employee's perception of how well their job provides those things that are viewed as important. According to Mitchell and Lasan, (2006), it is generally recognized in the organizational behaviour field that job satisfaction is the most important and frequently studied attitude. While Luthan (2005) posited that there are three important dimensions of job satisfaction.

Job satisfaction is an emotional response to a job situation. As such it cannot be seen, it can only be inferred. Job satisfaction is often determined by how well outcome meet or exceed expectations. For instance, if organization participants feel that they are working much harder than others in the department but are receiving fewer rewards they will probably have a negative attitudes towards the work, the boss and or coworkers. On the other hand, if they feel they are being treated very well and are being paid equitably, they are likely to have positive attitudes which are most important. Job satisfaction represents several related attitudes which are most important characteristics of a job about which people have effective response. These to Luthans are the work itself, pay,, promotion opportunities, supervision and coworkers.

Job satisfaction of the librarian naturally depends on the economically, social and cultural conditions of a given country (Ebru, 2005). A librarian who cannot get a sufficient wage will be faced with the problem of maintaining his or her family's life. This problem puts the librarian far from being satisfied, especially the social facilities (transportation services, low wages and lack of status and social security affect motivation. Job satisfaction cannot be talk of where there is absence of motivation. Job satisfaction of the librarian who has an important place in the information society will affect the quality of the services he renders. In this respect, the question of how the material and moral element affect the job satisfaction of the librarian gains importance (Ebru, 2005).

Job satisfaction is so important in that its absence often leads tom lethargy and reduced organizational commitment (Levinson, 1997, Moser, 1997). Lack of job satisfaction is a predictor of quitting a job (Alexander, Lichtenstein and Hellmann, 1997; Jamal, 1997). Sometimes workers may quit from public to the private sector and vice versa. At the other times the movement is from one profession to another that is considered a greener pasture. This later is common in countries grappling with dwindling economy and its concomitant such as poor conditions of services and late payment of salaries (Nwagwu, 2007). In such countries, people tend to migrate to better and consistently paying jobs (Fafunwa, 2001). Explaining its nature some researcher (e.g. Armentor, forsyth,1995, Flanagan, Johnson and Beret, 1996; Kadushin, and Kulys, 1995) tend to agree that job satisfaction is essentially controlled by factors described in Adeyemo's (2000) perspectives as external to the worker. From this viewpoint satisfaction on a job might be

motivated by the nature of the job, its pervasive social climate and extent to which workers peculiar needs are met. Working conditions that are similar to local and international standard (Osagbemi, 2000), and extent to which they resemble work conditions of other professions in the locality. Other inclusions are the availability of power and status, pay satisfaction, promotion opportunities, and task clarity (Bolarin, 2003; Gemenxhenandez, Max, Kosier, paradise and Robinson, 2007).

Other researchers (e.g. MacDonald, 1999; O Toole, 2000) argue in favour of the control of job satisfaction by factors intrinsic to the employees. Their arguments are based on the idea that workers deliberately decide to find satisfaction in their jobs and perceive them as worthwhile. Studies of job satisfaction and librarianship seem to consistently show there is a relationship between professional status and the job satisfaction. High levels of job satisfaction are observed in those professions that are of good standing in society. Age is one of the factors affecting job satisfaction. Different studies conducted show that older workers are more satisfied (Davis, 1988:100). Kose, (2005) found a meaningful relationship between the age and job satisfaction; Hamshari (2003), age and professional experience (Delia 1997; Hamshari 2006), educational level (Well-Maker, 2005; Hamshari, 1986); level of wages (Vaugan and Dunn in Adeyemo, 2007); sex (Delia 1979; Lynch and Verdin, 2003). St. Lifer (2004) reports the results of a survey of librarians' perceptions of their jobs.

These include compensation and benefits advancement opportunities, and technological challenges. The result showed that salaries and benefits are related to job satisfaction.

Horenstein (2003) reported on a study that examined the job satisfaction of academic librarians as it related to faculty status. The finding indicated that librarians with academic rank were more satisfied than non-faculty groups. Predictors of satisfaction included perceptions of participation and salary. Nkereuwen (1990) reviews theories on job satisfaction and evaluates their relevance to the work of environment of libraries. Paramer and East (2003) discuss previous job satisfaction research among Ohio academic library support staff using Paul E. specter's job satisfaction survey. The 434 respondents indicated general satisfaction among females with less experience who worked in public services. Tregone (2003) tried to determine the levels of cooperation of media specialists and public librarians. A significant correlation was shown between the level of satisfaction and the type of library, although librarians in public libraries showed greater satisfaction. Similarly, the result of some other studies have shown meaningful relations between job satisfaction and wages, management policy, working conditions, possibilities of promotion gaining respect, the size of the organization and self-development and achievement of the use of talents (Ergenc, 1982; Sencer, 1982; Kose, 1985 Yincir, 1990) Philips (2004) studied the career attitudes of 109 master level librarians and the relationship between age, career satisfaction and career identity. His results indicate that over time librarians become happier with their profession and more committed to their line of work.

Tangible ways in which job satisfaction benefits the organization include reduction in complaints and grievances, absenteeism, turnover, and termination; as well as improved punctuality and worker morale. Job satisfaction is also linked to a healthier work force

and has been found to be a good indicator of longevity. In another study little correlation has been found between job satisfaction and productivity, Brown (1996) notes that some employers have found that satisfying or delighting employees is a prerequisite to satisfying or delighting customers, thus protecting the “bottom line”. No wonder Andrew Carnegie is quoted as saying: [“Take away my people, but leave my factories, and soon grass will grow on the factory floors. Take away my factories, but leave my people, and soon I will have new and better factories” (quoted in Brown, 1996)]. Managers who are serious about the job satisfaction of workers can also take other deliberate steps to create a stimulating work environment. One such step is job enrichment. Job enrichment is a deliberate upgrading of responsibility; scope and challenge in the work itself. Job enrichment usually includes increased responsibility, recognition, and opportunities for growth, learning and achievement. Large companies that have used job-enrichment programs to increase employee motivation and job satisfaction include AT&T, IBM, and general Motors (Daft, 1997). Good management has the potential for creating high morale, high productivity, and a sense of purpose and meaning for the organization and its employees. Empirical findings by Ting (1997) show that job characteristics such as pay, promotional opportunity, task clarity and significance, and skills utilization, as well as organizational characteristics such as commitment and relationship with supervisors and co-workers, have significant effects on job satisfaction. These job characteristics can be carefully managed to enhance job satisfaction. Assuring job satisfaction, over the long-term, requires careful planning and effort both by management and by workers. Managers are encouraged to consider such theories as Herzberg’s (1957) and Maslow’s (1943) Creating a good blend of factors that contribute to a stimulating, challenging

supportive, and rewarding work environment is vital. Because of the relative prominence of pay in the reward system, it is very important that salaries be tied to job responsibilities and that pay increases be tied to performance rather than seniority. Hence, job satisfaction is a product of events and condition that people experience on their jobs. Brief (1998) wrote “If a person’s work is interesting her pay is fair, her promotional opportunities are good, her supervisor is supportive, and her coworkers are friendly, then a situational approach leads one to predict she is satisfied with her jobs” (p. 91). Very simply put, if the pleasures associated with one’s job outweigh the pains, there is some level of job satisfaction. The work of employees in the running of organizations has been analyzed and debated by management experts, sociologists and physiologists. A number of theories, most of them the result need a lot of attention and detailed study, are in use to explain human psychology in the workplace, the stressors and distresses of a working environment and the reasons behind employee performance, for the matter and the lack of it. The issue of job characteristics and employee satisfaction has been looked at from a number of perspectives. One view, which is followed by many, is the importance of money. A number of employers feel that in today’s multiple opportunity, choice, work, from home environment, money is the basic reason for a person to take up a job. Furthermore that people work only for money. Organization/companies that pay more usually get the most applications be it a university graduation time for new entrants to the work force, or later on for career shifts for middle and senior people. This school of thought feels very strongly that employees join organizations, work and leave only for monetary considerations and all other reasons, which involve non- monetary factors like challenging assignments caring environments, recognition and open communications

channels are nothing more than idle talk and blandishment meant to cover up the stigma associated with behaviors that is mercenary and devoid of any other so called redeeming features. There are again many management experts and human resources department specialists who feel that the theory of money being the only real choice in an employment choice is a free market situation has many serious limitations and indeed is deeply flawed. These experts feel that while money is an important factor in the contemplation of an employment decision there are a number of other factors which also influence such choices.

The truth is far more complex and while the cynical continue to believe in the overwhelming supremacy of money is its power to buy happiness and satisfaction be it in personal life or the workplace, a number of management thinkers, social scientists and corporate managers feel otherwise, advocating and using distinctly different human resources philosophers and policies. These include the understand of need hierarchies like Abraham Maslow, theory of needs and Clayton Alderfer's theory of motivation, the thinking of Hershberger and McClelland and the various theories of goal setting and motivational process. A number of organizations base their human resources practices upon an understanding of these various theories and their adaptations to the business environment.

### **2.3 The concept of Customer Satisfaction**

Ahmed, Parvaiz K. and Mohammed Rafiq (2002) in their journal *Internal Marketing, Tools and Concepts for Customer-Focused Management* made us understand that a typical business loses half of its customer every five years. The underlying reason for many customer defections is that they were not satisfied from what was received from the firm. He also explained customer satisfaction to be the ability of a good or service to meet or exceed buyer needs and expectations. The true measure quality determines whether business has satisfied its customers.

Honebein (1997) said customer experiences are for competitive differentiation, value creation and identity. While some companies create emotion driven customer experiences that leave an impact on shoppers, other create co – production experiences in which customers are active co – producers.

Louise Carbone (2001) observed that “We view a customer who is complaining as a real blessing in disguise. The Customer is someone we can resell”. We can also learn from the Mary Kay experience who exemplified a true American success story.

Customers usually face a broad array of products and services that might satisfy a given need. The thing that drives anyone creating genuine value for customers. Nothing happens without a customer, says Jeff Bezos (1989). The relationship with customers is the key to the company’s future, customers come first. The customer experience re matter. A company’s aim is to deliver a special experience to every customer

Customer satisfaction with a purchase depends on how well the product’s performance lives up to the customer’s expectations. Customer satisfaction is a key influence on future buying behaviour. Satisfied customers buy again and tell others about their good experiences.

Dissatisfied customers often switch to competitors and discontinue the product to others. Marketers in organizations or firms must be careful to set the right level of expectations. If they set expectations too low, they may satisfy those who buy but fail to attract enough buyers. If they raise expectations too high, buyers will be disappointed. Customer value and customer satisfaction are key building blocks for developing and managing customer relationships.

Customer satisfaction is a key element that users of the marketing concept must consider. Value is the personal satisfaction gained from the use of a good or service. Customers compare the price they pay for a product with all the benefits that come with it. Some of those benefits exceed what the product can do for them. With this, it is understood that value would include everything that supports services offered to how customers are treated by company personnel.

Businesses that regularly deliver value of this type can achieve customer loyalty. Thus, value is not something defined by business; it is defined by customer. A customer's decision to be loyal or defect is the sum of many small encounters with the company. Lois Farese (1997) said today more than a quarter of all companies link the pay of their sales people to customer satisfaction levels. For example, IBM bases 40% of its sales people's commission on how well they have met customer needs. Despairing is not needed if your initial attempt to close a sale is unsuccessful.

Customer satisfaction standards are sales returns, customer complaints, repeat business, and referrals. In a service business, there should be a plan that addresses how, when and who will provide the service to your customers. State the services provided by the customers, describe the additional services you will provide and estimate their cost. By analyzing competitors' expenses and the organization's expenses for providing a service, you can show how you will price your service without pricing yourself out of the market.

Customer retention is normally the direct result of a high level of customer satisfaction. Managers involved in service industries or aspects of customer services are beginning to learn that service is a word that matters and not just a useful modifier to distinguish their activity from manufacturing. The link between customer satisfaction and customer loyalty is not proportional. Suppose customer satisfaction is rated on a scale from one to five. At a very low level of customer satisfaction customers are likely to abandon the company. At levels two and four customers are fairly satisfied but still find it easy to switch when a better offer comes along. At level five, the customer is very likely to repurchase and even spread good word of mouth about the company. High satisfaction or delight creates an emotional bond with the brand or company not just a rational preference.

#### **2.4 Employee Satisfaction and Customer Satisfaction**

Numerous empirical studies show a strong positive relationship between employee satisfaction and customer satisfaction (e.g., Band, 2008; George, 2000; Reynierse&Harker, 2002; Schmitt &Allscheid, 2005; Schneider & Bowen, 2005; & Thorpe, 2001; Wiley, 2001). As suggested by this wealth of findings, positive changes in employee attitudes lead to positive changes in customer satisfaction. Some investigations have provided explicit measures of this relationship. For example, a study at Sears Roebuck & Co. showed that a five-point improvement in employee attitudes led to a 1.3 rise in customer satisfaction which, in turn, generated a 0.5 increase in revenues. Brooks (2000) reviewed the relationship between financial success and customer and employee variables (e.g., customer satisfaction, employee satisfaction, etc.) and found that, depending on market segment and industry, between 40 and 80 percent of customer

satisfaction and customer loyalty was accounted for by the relationship between employee attitudes and customer-related variables. Similarly, Vilares and Cohelo (2000) found that perceived employee satisfaction, perceived employee loyalty, and perceived employee commitment had a sizable impact on perceived product quality and on perceived service quality.

According to their model, employee satisfaction not only affects employee commitment and employee loyalty, but it also has a twofold impact (i.e., direct and indirect) on critical customer satisfaction-related variables. The relationship between employee satisfaction and customer satisfaction has received further empirical confirmation from two methodologically strong studies. Specifically, a recent meta analytic investigation (Harter, Schmidt, & Hayes, 2002), based on 7,939 business units in 36 companies, found generalizable relationships, large enough to have substantial practical value, between unit-level employee satisfaction-engagement and business-unit outcomes such as customer satisfaction, productivity, profit, employee turnover, and accidents.

Finally, Berhardt, Donthu, and Kennett (2000) measured the relationship between employee satisfaction, customer satisfaction, and profit longitudinally showing that, although the effects of employee satisfaction and customer satisfaction on business profit at a given point in time might not be detectable, they become visible and prominent over time. Specifically, these researchers found a positive relationship between change in customer satisfaction and change in profit/sales, a positive relationship between change in

employee satisfaction and change in business profit, and a strong relationship between employee satisfaction and customer satisfaction at any point in time.

The literature offers several explanations as to why employee satisfaction affects customer satisfaction:

i. Employees that interact with customers are in a position to develop awareness of and respond to customer goals and needs.

ii. Satisfied employees are motivated employees; that is, they have the motivational resources to deliver adequate effort and care.

iii. Satisfied employees are empowered employees; in other words, they have the resources, training, and responsibilities to understand and serve customer needs and demands.

iv. Satisfied employees have high energy and willingness to give good service: at a very minimum, they can deliver a more positive perception of the service/product provided.

v. Satisfied employees can provide customers with interpersonal sensibility and social Account (i.e., adequate explanations for undesirable outcomes). It has been suggested that these components of interactional justice (i.e., quality of interpersonal treatment provided in a negotiation/exchange) have a significant impact on customer satisfaction. According to this view, because satisfied employees experience interactional justice, they

can deliver it; that is, satisfied employees have enough emotional resources to show empathy, understanding, respect, and concern (Ostroff 1992).

## **2.5 Bank Antecedents of Employee Satisfaction and Employee Customer Service.**

Some studies have focused on organizational antecedents of employee satisfaction and employee customer service. A model offered by Yoon, Hyun Seo, and Seog Yoon (2000) identifies three antecedents:

1. Perceived organizational support (POS), that is, the extent to which employees perceive that the organization values their contributions and cares about their well-being.

2. Perceived supervisory support (PSS), that is, the extent to which supervisors develop a climate of trust, helpfulness, and friendliness; high PSS implies that important socioemotional resources are immediately available in the work environment.

3. Customer participation, that is, the extent to which a customer is physically, mentally, and emotionally involved in the delivery of a service/product. At this level, both the resources/information that customers bring into the transaction and the actual behaviors they engage in are important. A representation of this model is shown below:

As the model indicates, all three antecedents affect employee service quality through their effect on employee service effort and perceived job satisfaction. Empirical findings suggest that:

1. Of the three antecedents, perceived supervisory support is the single most powerful predictor of job satisfaction and employee service effort.

2. Job satisfaction is a more important predictor of employee service quality than employee service effort.

A model by Hee Yoon and Beatty (2001) presents two antecedents of job satisfaction and employee service quality:

i) Supportive management, that is, the extent to which management is supportive of and shows concern for employees.

ii) Service climate, that is, employees' shared perceptions of how much the organization values service. A representation of this model is shown below:

As illustrated in the model, service climate affects work effort but not job satisfaction. However, supportive management has both an effect on work effort and perceived job satisfaction. Work effort influences employee service quality directly as well as through job satisfaction. An empirical test of the model showed that, relative to work effort, job satisfaction was a better predictor of employee service quality.

The literature presented in this study highlights the criticality of the relationship between employee attitudes and customer satisfaction. How employees feel about their job has an impact on their work experience, but also on tangible business outcomes such as

customer satisfaction, sales, and profit. Employees can strongly contribute to an organization's success by having a customer-centric approach in their work and in their work-related interactions.

1. They may increase job satisfaction (e.g., by using CS incentives that are perceived as having a positive valence).

2. They may strengthen customer oriented work behavior (e.g., by using CS incentives that are linked to specific behaviors). In sum, CS based compensation should focus on performance dimensions that employees can control, influence, and understand. Without such focus, not only will it be unlikely to affect work behavior, but it will be likely to generate dissatisfaction

## **2.6 Models of Job Satisfaction**

### **2.6.1 Affect Theory**

Edwin (1976) is a well-known and famous job satisfaction theory. The main premise of this theory is that satisfaction is determined by a discrepancy between what one wants in a job and what one has in a job. Further, the theory states that how much one values a given facet of work (e.g. the degree of autonomy in a position) moderates how satisfied/dissatisfied one becomes when expectations are/Aren't met. When a person values a particular facet of a job, his satisfaction is more greatly impacted both positively (when expectations are met) and negatively (when expectations are not met), compared to one who does not value that facet. To illustrate, if employee A values autonomy in the

workplace and employees B is indifferent about autonomy, then employee A would be more satisfied in a position that offers a high degree of autonomy and less satisfied in a position with little or no autonomy compared to Employee B. This theory also states that too much of a particular facet will produce stronger feelings of dissatisfaction the more a worker values that facet.

### **2.6.2 Dispositional Theory**

Another well-known job satisfaction theory is the Dispositional theory. It is a very general theory that suggests that people have innate dispositions that cause them to have tendencies toward a certain level of satisfaction, regardless of one job. This approach became a notable expansion of job satisfaction in light of evidence that job satisfaction tends to be stable over time and across careers and jobs. Research also indicates that identical twins have similar levels of job satisfaction Brooks (2002).

A significant model that narrowed the scope of the Dispositional Theory was the Core self-evaluation Model, proposed by Timothy A. Judge in 1998. Judge argued that there are four Core self-evaluations that determine one's disposition towards job satisfaction: self-esteem, general self-efficacy, locus of control and neuroticism. This model states that higher levels of self-esteem (the value one places on his self) and general self-efficacy (the belief in one's own competence) lead to higher work satisfaction. Having an internal locus of control (believing one has control over her / his own life, supposed to outside

forces having control) leads to higher job satisfaction. Finally, lower levels of neuroticism lead to higher job satisfaction.

### **2.6.3 Two Factor Theory**

Known as Herzberg's Motivation-Hygiene theory was developed by Frederick Herzberg, a psychologist who found that job satisfaction and job dissatisfaction acted independently of each other. Two factor. Theory states that there are certain factors in the workplace that cause job satisfaction, while a separate set of factors cause dissatisfaction. (Herzberg, Mausner and Snyderman 1959). The theory was based around interviews with 203 American accountants and engineers in Pittsburgh, chosen because of their profession growing importance in the business world. The subjects were asked to relate times when they felt exceptionally good or bad about their present job or any previous job, and to provide reasons, and a description of the sequence of events giving rise to that positive or negative feeling. Motivators; (e.g. challenging work, recognition, responsibility) which give positive satisfaction, arising from intrinsic conditions of the job itself, such as recognition, achievement or personal growth, (Hackman & Oldham, 1976) and Hygiene Factors; (e.g. status job security salary and fringe benefits) which do not give positive satisfaction, although dissatisfaction results from their absence. These are extrinsic to the work itself, and include aspects such as company policies, supervisory practices, or wages/salary (Hackman & Oldham, 1976).

Essentially, hygiene factors are needed to ensure an employee is not dissatisfied. Motivation factors are needed in order to motivate an employee to higher performance, Herzberg also further classified our actions and how and why we do them, for example if you perform a work related action because you have a then that is classed as movement, but if you perform work related action because you want to then that is classed as motivation.

#### **2.6.4 Validity and Criticisms**

Herzberg (1968) stated that his two-factor theory study had already been replicated 16 times in a wide variety of populations including some in communist countries, and corroborated with studies using different procedures which agreed with his original findings regarding intrinsic employee motivation making it one of the most widely replicated studies on job attitudes. While the motivator-Hygiene concept is still well regarded, satisfaction and dissatisfaction are generally no longer considered to exist on separate scales. The separation of satisfaction and dissatisfaction has been shown to be an artifact of the critical incident technique (CIT) used by Herzberg to record events (King 1970; Hackman & Oldham 1976). Furthermore, it has been noted the theory does not allow for individual differences such as a particular personality traits, which would affect individuals' unique responses to motivating or hygiene factors. (Hackman and Oldham 1976).

## **2.7 Job Satisfaction Theories**

In order to understand job satisfaction, it is important to understand what motivates people at work. Campbell, Dunnette, Lawler and Weik (1970) cited in Smucker& Kent, (2004) categorized job satisfaction theories into either content theories or process theories. Content theories are based on various factors which influence job satisfaction. Process theories, in contrast, take into account the process by variables such as expectations, needs and values and comparisons interact with the job to produce job satisfaction.

In terms of content theories, there is an emphasis on the type of goals and incentives that people endeavor to achieve in order to satisfied and succeed on the job. Scientific management believed at first that money was the only incentive; later other incentives also became prevalent for example; working conditions, security and a more democratic style of supervision. Maslow, Herzberg, Alderfer and McClland focused on the needs of employees with respect to job satisfaction and (Luthans 1998; Robbins, Odendaal&Roodt, 2003; Smith & Cronje, 1992).

### **2.7.1 Maslow Hierarchy of Needs Theory**

Maslow believed that people that come out of an environment which does not meet their basic needs tend to experience psychological complaints later in life. Based on the application of this theory to organizational settings; it can be argued that people who do not meet their needs at work will not function efficiently. Maslow's theory is based on

two assumptions; that is; people always want more and people arranged their needs in order of importance (Smith & Cronje, 1992). Maslow (1970) and Schultz, Bagraim, Viedge, and Werner (2003). Summarized these needs as: Psychological needs: This is the basis need known as the biological needs such as the need for water, food, rest exercise and sex. Once these needs are met they no longer influence behaviour. An example of this would be trade unions ensuring that their member's basic needs are met because they negotiate for better wages for their members (Smith & Cronje 1992). Safety needs: Once the first need is satisfied then the security needs assume precedence. These include the need for job security, insurance and medical aid and the need to feel protected against physical and emotional harm (Smith & Cronje, 1992). Social needs: This third level of needs is activated once the second level of needs has been adequately met. People have a need for love, friendship, acceptance and understanding from other people. Employees have a tendency to join groups that fulfill their social needs. Managers can play an important part by encouraging people are to interact with one another and make sure that the social needs of subordinate are met (Smith & Craje, 1992). Ego and Esteem needs. Fourth level of needs is the need for self-respect, recognition by others, confidence and achievement. Supervisor can play an active role in satisfying the needs of their employees by recognizing and rewarding high achievers for good performance (Smith & Craje 1992). Self-actualization needs: This is the highest level of Maslow's hierarchy of needs, and leads to the full development of a person's potential. It is a need where individuals reach full potential and what they want to become to utilize all talents well and to be creative (Glueck, 1974).

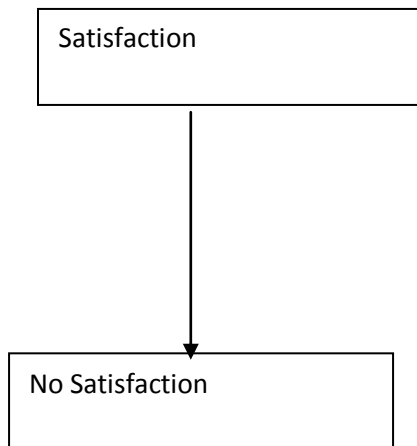
Practicing managers have given Maslow's need theory wide recognition, which they ascribe to the theory's intuitive logic and ease of understanding. However, Robbins *et al.* (2003) argue that research does not validate the theory, since Maslow does not provide any empirical substantiation, and a number of studies that were seeking validation for the theories have similarly not found support for it.

### 2.7.2 Herzberg's Two-Factor Theory

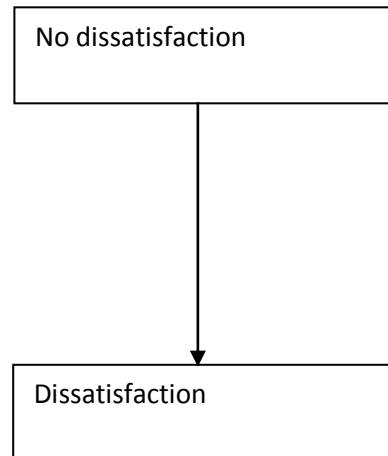
In terms of Herzberg's motivation-hygiene theory, factors that make employee feel good about their work are different from factors that make them feel and about their work. According to Herzberg (cited in Schulz *et al.*, 2003), employees who are satisfied at work attribute their satisfaction to internal factors while dissatisfied employees ascribe their behaviour to external factors. Factors that play a role in contributing to the satisfaction of employees are called motivators, while hygiene factors contribute to job dissatisfaction. These two factors are also called the intrinsic (internal and extrinsic (external) factors:

Fig 2.1 gives a schematic representation of the two-factor theory.

#### Motivator Continuum



#### Hygiene Continuum



(Source: Shultz et al, 2003:60)

It can be argued that if the hygiene factors are removed, that it is unlikely workers will be satisfied. Both the hygiene factors and motivators play an important role in the performance of the individual. Criticism against Herzberg's theory is that the relationship between motivation and dissatisfaction is too simplistic as well as the relationship between sources of job satisfaction and dissatisfaction (Smith *et al.* 1992)

### **2.7.3 Alderfer's ERG Theory**

Alderfer (1972) revised Maslow's theory to align work with more empirical research as observed by Robbins *et al.* (2003). Alderfer's theory is referred to as ERG theory and is based on the following three needs; existence relatedness and growth. Existence is involved with providing individuals with their basic existence requirements and it subsumes the individual's psychological and safety needs. Labeled social and esteem needs. Growth needs are an intrinsic desire for personal development based on the self-actualization needs of Maslow.

The ERG theory pivots around axial point that more than one need is in operation at the same time. When the aspiration to satisfy a higher need is subdued, the desire to satisfy a lower order level increases. Alderfer (1972) mentions two forms of movement which will become important to a person. The first one is referred to as satisfaction-progressive. The second movement is the frustration-regression, which provides additional insight about

motivation and human behaviour. According to Alderfer (1972), when a person's needs are frustrated at higher level, it leads to movement down the hierarchy.

#### **2.7.4 McClelland's Theory of Needs**

McClelland's needs theory focuses on the need for achievement, power and affiliation Luthans (1998). It can be briefly described as follows:

Need for achievement: it is a drive to excel to meet standards and try to be successful

Need for power: to let others behave in such a way that they do not behave otherwise,

and. Need for affiliation: to have a friendly disposition and good interpersonal relationship Luthans (1998).

Notwithstanding the various theories relating to job satisfaction, there are several dimensions of job satisfaction addressed by Luthans (1998). Luthans (1998) indicates there are several dimensions that influence job satisfaction; inter Alia the work itself, pay, supervision, promotion and the workgroup, each of which is briefly addressed.

### **2.8 Existing Theories and Views of Job Satisfaction**

According to Muchinsky (1993), job satisfaction has been a subject that has interested researchers over the years for three reasons. Muchinsky (1993) classifies the first reason as *cultural* saying that as a nation, America, places importance on individual freedom as well as personal growth and opportunity.

The second reason is *functional*, since job satisfaction as a concept has intrinsic value but it is also related to other significant variables such as performance, absenteeism and turnover. While there is no proof that job satisfaction has a causal relationship with absenteeism or performance or turnover, Muchinsky (1993) claims that there is an association between high levels of job satisfaction and certain levels of the aforementioned variables. By increasing levels of job satisfaction, companies might achieve less absenteeism, less turnover and better performance (Muchinsky, 1993).

The third reason why researchers have been interested in job satisfaction is due to *historical* reasons. Muchinsky (1993) claims that the Hawthorne studies, which began in the 1920s, caused many psychologists to shift the variables they studied considerably. The core of current work on designing jobs to improve work life can be founded in early research (Muchinsky, 1993). The Hawthorne studies started by investigating ways in which changes in physical conditions affected the level of production. In the first studies, changes in illumination were made, which resulted in changes in productivity regardless of the direction of the change in illumination. Irrespective of the reason, when subjects in experiments show enhanced performance due to the experimental situation, it is referred to as the “Hawthorne” effect (Gruneberg, 1979). Job satisfaction is without a doubt a topic that is studied most frequently in organizational behaviour research and psychology (Gruneberg, 1979; Spector, 1997). According to Muchinsky (1993) the reasons why researchers should be concerned about job satisfaction can be found in the humanitarian and utilitarian perspectives. While the humanitarian perspective trades on the premise that all human beings deserve respect and fair treatment, the utilitarian

approach is centered more on the implications of job satisfaction on organizational effectiveness. In support of the utilitarian approach the key focus for most managers is on productivity, hence it follows that they are in favour of a workforce that is satisfied as opposed to one that is dissatisfied (Organ, 1990). The old model, which states that a happy worker is a productive worker “was rejected as simplistic” (Organ, 1990, p. 109). According to Muchinsky (1993) job satisfaction is a complex phenomenon with multiple theories and each theory contributes to one’s understanding of the concept of job satisfaction. The three approaches that Muchinsky (1993) reviews are, the Intrapersonal Comparison Processes, the Interpersonal-Comparison Processes and the Two-Factor Theory. These approaches are known as content theories.

### **2.8.1 Content Theories**

Firstly, *Intrapersonal-Comparison Processes* compares a person’s wants that is, the standard to what the person actually receives. A small difference reflects a high degree of satisfaction (Muchinsky, 1993). Some researchers argue that the standard is derived from human needs, while others argue that it is derived from human values. Needs are easier to assess than values as individuals all have the same basic needs but individuals do not all share the same values. According to this theory, job satisfaction is an individual process in that satisfaction is a measure of how a job satisfies needs or complies with values (Muchinsky, 1993). Secondly, *Interpersonal-Comparison Processes* differs from the first in that job satisfaction is determined based on an individual’s perceptions of others and not on individual needs or values per se. The basis of this theory is that people make

comparisons between themselves and others in similar roles and use that to determine their own feelings of job satisfaction. This theory views job satisfaction as a social process by postulating satisfaction is obtained by making a comparison with others in similar jobs (Muchinsky, 1993).

Thirdly, there is the controversial *Herzberg's Two-Factor Theory*, which presents two classes of work variables. The first is satisfiers (for example sense of recognition, 36 achievements and the intrinsic interest of the work itself). These satisfiers, or motivators, as referred to by Gruneberg (1979) correspond to the higher levels in Maslow's hierarchy of needs, which is further mentioned in the following section. When these satisfiers are present in a working situation, they lead to job satisfaction but when they are absent they do not lead to job dissatisfaction. The second is dissatisfiers (for example, good salary, pleasant working conditions), which corresponds to the lower levels in Maslow's hierarchy. These factors result in job dissatisfaction when they are inadequate, but do not result in job satisfaction when they are adequate (Gruneberg, 1979). Herzberg suggests that these two factors determine how satisfied or dissatisfied an individual will be in his or her job and proposes working conditions as the basis of job satisfaction. It is thus the difference between satisfaction and dissatisfaction (Gruneberg, 1979). This theory has however been criticized for inadequate data collection techniques and failure to replicate it (Muchinsky, 1993). In spite of this, Herzberg's theory has impacted positively on research on job satisfaction and is the most popular theory of job satisfaction. According to Thomson (1993), Herzberg proved that increased performance is not necessarily the result of increased job satisfaction, since other factors; for example, appropriate reward systems also need to be taken into account.

## **2.8.2 Process Theories**

The aim of process theories is “to describe the interaction between variables in their relationship to job satisfaction” (Gruneberg, 1979, p.19). The difference between content theories (such as Maslow and Herzberg) and process theories is that content theories focus on distinguishing the factors that contribute towards job satisfaction and dissatisfaction. Process theorists on the other hand, believe that job satisfaction is not only determined by the nature of the job and its context, but also by the “needs, values and expectations that individuals have in relation to their job” (Gruneberg, 1979, p.19). For example, some individuals have a greater need for promotion than others and if the job does not satisfy the specific need then the individual is likely to be more frustrated. Gruneberg (1979) claims that all process theorists believe that job satisfaction is dependent on the relationship between the individual and his or her working environment; however, they share differing views as to which process relates to job satisfaction.

The theories discussed below are Expectations and Equity Theory, Reference Group Theory, Needs/Value Fulfillment Theories and Maslow’s Needs Hierarchy Theory.

### **i) The Expectations and Equity Theory**

This is one of the more well-known discrepancy theories, which argues that job satisfaction is caused by “the inverse of one or more discrepancies between the perceived nature of the job and some other state” (Beehr, 1996, p. 70). The lower the discrepancy, the more satisfied the employees are. According to Beehr (1996) discrepancy theories of job satisfaction are frequently used by organizational psychologists to explain job

satisfaction. Gruneberg (1979) claims that one's surroundings have a direct impact on the way individuals behave. When the happenings in the world are different from the individual's frame of reference, he or she is often discontented, which sometimes results in the individual modifying his or her interpretation of the world. It is claimed that if an individual finds that he or she is getting less than another, that individual becomes dissatisfied since individuals relate what they are getting with what others are receiving. It is claimed that the core belief of the equity theory is that "we have a concept of what is reward for our efforts" (Gruneberg, 1979, p. 20). In other words, a psychological contract is established between the employer and the employee suggesting that for a certain amount of effort there should be a certain amount of reward. It is claimed that satisfaction will be achieved only when rewards and efforts are viewed as reasonable in terms of the rewards of others such as friends or colleagues. The one major problem with the equity theory is that it is so broad that it is able to account for anything (Locke, 1976 as cited in Gruneberg, 1979). While the equity theory is able to account for some facets of satisfaction, it is not able to account for them all.

Beehr (1996) states that research on the equity theory has decreased over the past years possibly due to the complexity in conducting research in the topic.

## **ii) The Reference Group Theory**

It is claimed that several theorists are of the opinion that reference groups, that is groups to whom the individual relates, is crucial in understanding job satisfaction (Hulin & Blood, 1968 as cited in Gruneberg, 1979) but the Reference Group Theory fails to answer several relevant questions. For example, do individuals have a choice in determining the reference group to which they belong? It is suggested that this theory is inadequate as it is

only able to provide a limited explanation of how individuals view the inputs and rewards of the job as fair.

Gruneberg (1979) claims the extent to which individuals are satisfied with their jobs is affected by the different meanings individuals attach to what they value in a job.

### **iii) The Needs/Value Fulfillment Theories**

These are other versions of the discrepancy theories. The discrepancy involving needs was once a very popular means of measuring the discrepancy between needs and actual job situations but are no longer in favour by organizational psychologists although they still view “the general idea of discrepancies and of job satisfaction as some sort of need satisfaction” (Beehr, 1996, p. 72). According to Gruneberg (1979), several theorists have argued that the degree to which the job satisfies needs is a determinant of job satisfaction. Vroom (1964 as cited in Gruneberg, 1979) 39 investigated two forms of the need fulfilment theory, namely, the subtractive model and the multiplicative model. Both theories however, are ineffective and it is suggested that need fulfilment models have more of intuitive appeal. In addition to the theories reviewed by Muchinsky (1993) above, Gruneberg (1979) reviews *Maslow’s Needs Hierarchy Theory*. This was one of the first theories that proposed a needs hierarchy; with needs split into lower order and higher order needs. The needs, as identified by Maslow (1943 as cited in Gruneberg, 1979) are basic psychological needs; safety and security needs; social (affection) needs; esteem needs and self-actualisation needs. The first three are the lower order needs and the last two are the higher order needs. According to Gruneberg (1979), Maslow suggests

that man is only able to be concerned with the fulfilment of higher order needs if the lower order needs are met first. How this relates to a job situation is that once lower order needs for payment and security have been met, will the employee look for job satisfaction. While Maslow's theory was not developed to account for job satisfaction, several theorists have used his theory in this manner (Gruneberg, 1979). From all the above-mentioned approaches there is no doubt that job satisfaction is indeed a dependent variable, that is, the variable being measured and one that is not under the experimenter's control (Howell, 1989). According to Robbins (1993), managers should be concerned with the level of job satisfaction for three main reasons. Firstly, there is clear evidence that dissatisfied employees skip work more often and are more likely to resign. Secondly, it has been demonstrated that satisfied employees have better health and live longer. Thirdly, satisfaction on the job carries over to the employee's life outside the job. 40 According to Muchinsky (1993), job satisfaction in a group can yield different results to job satisfaction in an individual, since job satisfaction is an individual response. He further mentions that the converse is also true. Early findings of job satisfaction led researchers to believe that employees could have an overall level of job satisfaction that ranged from very low to very high, but later studies showed that several factors contributed to the way a worker feels about his or her job.

Muchinsky (1993) provides the example that two employees can have totally different feelings about their co-workers and their pay but, in fact both contribute to the overall feelings they have about their jobs. Therefore, two people can have the same level of overall satisfaction but the reasons for this can be totally different. Muchinsky (1993)

raises the issue that a person is genetically predisposed to feel satisfied or dissatisfied while Strümpfer, Danana, Gouws and Viviers (1998) claim that job satisfaction and dissatisfaction can be attributed to the nature of the person's job or their working conditions. After conducting a study on 16,266 workers in the United Kingdom, Allen (2003) claims an employee's salary contributes insignificantly to his or her level of job satisfaction while rank contributes to an employees' job satisfaction by 50 to 60 percent. However, it is claimed that South Africans "rate pay more highly than job satisfaction as employers Cut Company perks". Vaida (2004) claims that companies are cutting back on the benefits they offer hence the reason employees are placing such strong focus on their financial package. Expanding on Muchinsky's (1993) claim that genetics determines the level of satisfaction one feels, racioethnically-diverse individuals derive various levels of job satisfaction and intrinsic motivation from their jobs (Friday & Friday, 2003).

Racioethnic diversity refers to minority groups, immigrants and expatriates. Results also show that one's national culture controls the relationship of leadership behaviour with job satisfaction, to some degree (Yousef, 2000). Friday and Friday (2003) claim that it is necessary to examine the racioethnic diversity since today's global workforce is made up of growing racioethnic heterogeneity. Research by Hackman and Oldham (1974 as cited in Friday & Friday, 2003) suggest the motivation potential of a job is a forerunner to job-related outcomes such as job satisfaction, organizational commitment, burnout, absenteeism and intent to stay. If the job is not motivating to the employee, the outcome would be lowered levels of satisfaction, reduced performance quality, increased levels of absenteeism, and as such employees will be more inclined to leave the organization

(Friday & Friday, 2003). Given that these variables are associated with high organizational cost, the bottom-line of the organization could indeed be negatively affected. From the aforementioned reasons that managers should be concerned with employees' level of job satisfaction, it becomes apparent that job satisfaction is related to absenteeism and life satisfaction. According to Naumann and Giel (1995), employee satisfaction comprises of a number of interrelated variables such as "employee attitudes about the overall satisfaction with the workplace; the type of work that is done; how the work is done; and how the compensation and benefits systems treats the employee." Thomson (1993) identifies 5 key job characteristics of well-defined jobs. These are skill variety, task identity, task significance, autonomy and feedback. These five core dimensions are central to Hackman and Oldham's (1974) job characteristics model, which suggests that autonomy, feedback, skill variety, task identity and task significance can affect personal as well as work-related outcomes such as work motivation and job satisfaction (Friday & Friday, 2003). Hackman and Oldham (1974 as cited in Friday and Friday, 2003) provides brief definitions for the five, core dimensions above.

*Autonomy* is "the degree to which a job provides freedom, independence, and discretion." *Feedback* is "the degree to which an individual obtains direct and clear information about his/her performance effectiveness." *Skill variety* refers to "the degree to which an individual is required to use a number of different skills and talents to perform a variety of different activities." *Task identity* has been defined as "the degree to which the job requires completion of a whole and identifiable piece of work." Lastly, *task significance* refers to "the degree to which the job has a substantial impact on the lives or work of

others.” Fried and Ferris (1986, 1987 as cited in Friday and Friday, and 2003) claims that the five dimensions listed above, are broadly accepted as the core job dimensions although these five job characteristics do not provide a thoroughly comprehensive list of all the possible job characteristics. Research indicates a significant relationship between “the situational variables of autonomy, feedback, skill variety, task identity, and task significance, and job satisfaction” (Andersen, 1984; Colarelli et al., 1987 as cited in Friday & Friday, 2003, p. 430). Thomson (1993) claims that there are several advantages to the organization, manager and employee that result from increased job satisfaction. She suggests that employees are able to align themselves more closely to the organization’s goals when they experience a high degree of satisfaction in the work and working environment. Managers, in turn, can expect to receive enhanced quality performance from employees who are satisfied with the work they are doing (Thomson, 1993).

Amidst the theories reviewed in this section, were the Hawthorne studies, Herzberg’s Two- Factor theory and Maslow’s Needs Hierarchy Theory. It was also noted that job satisfaction between employees might differ significantly due to a number of reasons. It was also mentioned that job satisfaction is a dependent variable and comprises of a number of interrelated variables. The interrelated variables (absenteeism, turnover, performance and customer satisfaction) used in this study; by the researcher will provide a discussion on job satisfaction and customer satisfaction in the banking industries in Nigeria.

## **2.9 Customer Satisfaction**

customer satisfaction has received considerable interest in recent years, is one of the most popular research topics in marketing (Patterson, 1997; Naeem, 2010; Karna, 2004; Churchill, 1982; SprengMackezie and Olshavsky, 1996; Yoon, 2010) has attracted significant attention from top management in many companies (Bernhardt, 2000). A customer is satisfied when an offering performs better than expected and is dissatisfied when expectations exceed performance (Bolton, 1991) or when actual experience exceeded from expectations. Kotler et al (2006) points out that whether the buyer is satisfied after purchase depends on the offer's performance in relation to the buyers expectations. Similarly, customers have expectations with regard to the behavior of service employees, when these are exceeded, the level of customer satisfaction with the service provider is positively influenced (Thurau, 2004).

Customer satisfaction can be derived from product (Churchill, 1982; Oliver, 1993; Homburg and Rudolph, 2001; Westbrook, 1980) which relates to the customer's evaluation of product performance based on such characteristics as durability, dollar value, technical sophistication, and ease of use (Homburg and Giering 2001) consumption experience (Bearden and Teel, 1983) and price (Anderson, 1996). Moreover, satisfaction with salesperson performance has received considerable attention (Sheth, 1973) which relates to the interaction between the sales personnel and the customer and the ability of the sales representative to meet a customer's unique needs (Homburg and Giering, 2001). In addition to it, service encounter play a prominent role in customer satisfaction (Suprenant, 1987, Bitner, 1990).

Customer satisfaction is often seen as crucial link in establishing long term relationships (Patterson, 1997; Karna, 2004) and few businesses can survive without establishing solid relationships with their customers (Morgan and Hunt, 1994; Dwyer, Schurr, and Oh, 1987).

Customer satisfaction also contributes to customer retention (La Barbera and Mazursky, 1983; Zeithaml, Berry, and Parasuraman 1996; Anderson and Sullivan, 1990; Anderson, Fornell, and Lehmann 1994; Cronin and Taylor 1992; Bearden and Teel 1983; Boulding et al. 1993; Oliver and Swan 1989; Oliver, 1980; Rust, 1994; Newman and Werbel, 1973; Fornell and Wernerfelt 1987, 1988). According to Kotler (2006) —One key to customer retention is customer satisfaction, a satisfied customer stays loyal longer and loyalty drives profitability and growth (Heskett, 1994; Pugg, 2002). Loyal and satisfied customers are best achieved by loyal and satisfied employees (Heskett, 1994). It is widely recognized from literature that without satisfied and motivated employees it is impossible to produce world-class products and impossible to achieve satisfied and loyal customers (Eskildsen and Dahlgaard, 2000).

### **2.9.1 Concept Of Customer Satisfaction**

The literature on customer satisfaction/dissatisfaction suggests two different conceptualizations: Transaction specific and Cumulative (Boulding, 1993). The most commonly used conceptualizations are based on two perspectives: cumulative and transaction. Several authors agree that there is need to adopt cumulative definition of satisfaction (Johnson, 2002) because cumulative satisfaction is a more fundamental indicator of the firm's past, current, and future performance and motivates firm's investment in customer satisfaction (Anderson, 1994) provide a reliable performance benchmark for making broad based comparisons (Johnson, 2002), whereas transaction specific satisfaction provide information about particular product or service encounter (Anderson, 1994). In consistent manner Hsu, 2008 posits that cumulative customer satisfaction is a fundamental indicator of firms past, current and future performance instead of specific transactional information about a product or service encounter. Cumulative satisfaction

should be viewed as a theoretical or latent variable (similar to an attitude). As a latent variable, satisfaction can be empirically measured and meaningfully compared as a weighted-average or index of satisfaction indicators (Johnson, 2002). Homburg and Giering (2001) have taken broader perspective to explain customer satisfaction. Customer satisfaction can be defined —as the result of a cognitive and affective evaluation, where some comparison standard is compared to the actually perceived performance. The satisfaction judgment is related to all the experiences made with a certain supplier concerning his products, the sales process, and the after-sale service.

### **2.9.2 Antecedents of Customer Satisfaction**

Customer satisfaction is influenced by overall quality, price, expectations (Anderson, 1994; Fornell et al., 1996) firm image (Aga, 2007) and persons desires (Spreng, 1996). Moreover, several authors have examined positive relationship between expectation and satisfaction (Ernest et al., 1987; Churchill and Surprenant 1982) product's perceived performance and the customer's expectations regarding that performance (Churchill and Surprenant 1982; Oliver 1980; Westbrook and Oliver 1981; Yi 1990; Tse and Wilton 1988). Oliver and DeSarbo, (1988) suggest that effects of expectations and perceived performance are mediated via disconfirmation construct (Churchill and Surprenant 1982).

The expectation disconfirmation paradigm is most popular in customer satisfaction literature (Oliver 1980, 1981; Spreng, MacKenzie, and Olshavsky 1996; Tse and Wilton 1988). Several authors have reported that expectations and disconfirmation are important variables to explain customer satisfaction (Bearden and Teel, 1983; Rogers, 1998). According to Churchill, 1982 the

full disconfirmation paradigm encompasses four constructs: expectations, performance, disconfirmation, and satisfaction. Disconfirmation arises from discrepancies between customer satisfaction different for different types of industries prior expectations and actual performance. if perceived performance exceeds a consumer's expectations (a positive disconfirmation), then the consumer is satisfied but if perceived performance falls short of his or her expectations (a negative disconfirmation), then the consumer is dissatisfied (Spreng, 1996). Expectations are considered to be the needs or desires of the consumer, identified by what the consumer feels should be delivered by the provider of the service before receiving it (Millan, 2004). Prior literature confirms the impact of disconfirmation of expectation on satisfaction (Yi, 1990). Researchers have found that consumer involvement with products or services influence the operation of disconfirmation in determining satisfaction (Day, 1977)

### **i Current Performance of Customer Satisfaction**

Several other authors found that sometimes disconfirmation have no impact on customer satisfaction. Churchill, 1982 demonstrated performance had a direct effect on satisfaction with durable goods. In case of durable product performance appears to impact customer satisfaction directly rather through disconfirmation. This is due to the reason that this product is new and no prior information of this product is available. In this case, current performance is assumed to have greater impact on customer satisfaction not through disconfirmation. Similar, Findings have been found by Tse and Wilton (1988) for compact disc players and by Bolton and Drew (1991) in consumer telephone services. When the consumer has no expectations about a product or experience, performance becomes the primary determinant of satisfaction (LaTour, 1979). It is confirmed that performance is found to be strongest predictor of customer satisfaction (Tse and

Wilton, 1988; Oliver and Desarbo, 1988). Moreover, Johnson (1991) argues that, in a dynamic perspective, customers' experience with products and services should result in a general increase in perceived satisfaction. This increase can not be explained strictly on the basis of disconfirmation. Cardoza (1965) stated that "customer satisfaction may depend not only upon the product itself, but also upon the experience surrounding acquisition of the product" (p. 249).

## **ii Service Quality and Customer Satisfaction**

In spite of all factors studied, service quality has received considerable attention (Lien, 2008). This is due to the reason that the quality of goods can easily be measured by taking into account the certain physical properties; the measurement for services is rather difficult because the quality in this case depends on large number of factors (Aga, 2007). Several studies report that quality's effect on customer satisfaction is often seen as greater than other antecedents (Churchill and Suprenant, 1982; Oliver and DeSarbo, 1988; Anderson and Sullivan, 1993). Furthermore, Cronin and Taylor, 1992 concludes perceived service quality leads to customer satisfaction which in turn, has a significant effect on purchase intentions. Boulding and Zeithaml (1993) points out the positive effect of perceived service quality on behavioral intention. Expectations and delivered service influenced perceived service quality, which in turn, has an impact on behavioral intentions such as willingness to provide favorable word of mouth and engage in repeat business (Bernhardt et al., 2000).

There is also a controversy regarding the relationship between customer satisfaction and service quality. Some authors reported that relationship exist between customer satisfaction and service quality (Oliver and DeSarbo 1988; Parasuraman, Zeithaml, and Berry 1994). Some posit that service quality is important antecedent of customer satisfaction (Parasuraman et al. 1988;

Churchill and Suprenant 1982; Cronin and Taylor 1992; Spreng and Mackoy, 1996; Oliver, 1993; Fornell 1992; Oliver and DeSarbo 1988; Chigozirim, 2008). Some other argues that customer satisfaction is an antecedent of service quality. Finally, it is agreed that customer satisfaction is broader construct than service quality, so service quality assumed to be an important antecedent of customer satisfaction.

### **iii Dimensions of Service Quality and customer satisfaction**

In past literature, service quality incorporates two dimensions: Functional quality and Technical quality. Functional quality relates to the relational aspects of service delivery whereas technical quality concerned with core aspects of service. Parasuraman SERVQUAL scale of service quality is correspondence with two distinct dimensions of service quality i.e. technical and functional quality (Lien, 2008). In customer satisfaction literature, two types of benefits (Functional benefits and Psychological benefits) have been studied. Functional benefits constitute perceived service quality. SERVQUAL scale developed for evaluating satisfaction for a variety of services (Banks, credit card companies, repair and maintenance companies), contains five dimensions, i.e. tangibles, reliability, responsiveness, empathy and assurance (Parasuraman, 1988). Tangible is appearance of physical facilities, equipment, personnel and communication materials. Reliability is ability to perform promised service dependably and accurately (Zeithaml et al, 1988). Empathy is the ability to identify, understand and respond appropriately to customer's emotional state before, during and after the transaction (Shaffer, 2008). Assurance is knowledge and courtesy of employees and their ability to convey trust and confidence (Zeithaml et al, 1988).

#### **iv Relationship between Employee satisfaction and customer satisfaction**

Much of the services marketing literature have focused on providing external customers with quality services (Gremler, 1995). Organizations depend on their employees to be in tune with the needs of their customers for purposes of designing and delivering services or products (Young, 2009). Rosenbluth and Peters, report that the needs of the customer are second to employee needs, because customer needs will be satisfactorily met only when employee needs are being satisfactorily met (as referred in Gremler, 1995). [www.ajbms.org](http://www.ajbms.org) Asian Journal of Business Employees are important and inseparable part of the organization and have been received considerable attention by both academicians and practitioners. Employees in a service organization serve as representatives of both the organization and their products or services to the customer (Chigozirim, 2008) responsible for creating value for customers and delivering excellence in service quality (Judd, 2003; Hartline, 1996) also referred as first customers of the organization by many researchers (Chigozirim, 2008) and are recognized as the most crucial asset of today's organization (Eskildsen and Dahlgaard, 2000). According to Osman, 2004 delivering superior customer value and satisfaction are critical to a firm's competitive advantage. Dabholkar, 2008, have reported that employees who are satisfied with their jobs will be more likely to purchase products from their employer than from a competitor. Similarly, employees of an organization can be considered as internal customers who, like external customers, are looking to get their needs satisfied (Gremler, 1995).

#### **v Satisfied Employees Tend to be More Loyal, Committed and Productive**

Satisfied employees tend to be more involved, dedicated, have greater organizational commitment, more loyal and productive towards customer needs, thus enhancing customer

satisfaction, which is the ultimate aim of businesses today (Naeem,2010; Yee 2008; Kim, 2004; Lings, 1999; Heskett, 1997). Harter et al. (2002) found that employee satisfaction resulted in higher productivity and reduction in employee turnover. Dabholkar, (2008) posits that reduction in employee turnover lead to profits due to the cost savings in not having to constantly hire and train new employees.

In his Service Profit Chain Heskett (1994) demonstrate positive relationship between employee satisfaction and customer satisfaction which in turn enhance firm's profitability. He posits: —Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to the customers. Value is created by productive employees. Employee loyalty drives productivity and loyalty is the outcome of satisfied employee. Employee satisfaction, in turn, results primarily from high-quality support services of leaders and policies from organization that enable employees to deliver results to customersl.

## **vi Employee Satisfaction and Customer Satisfaction**

In past years, the relationship between employee and customer satisfaction has been widely studied in the literature (Stock, 2005; Schneider, 1973; Schneider et al., 1980; Eskildsen and Dahlgaard, 2000; Schlesinger &Heskett, 1991; Heskett, 1997; Bernhardt et al., 2000; Harter et al., 2002; Wangenheim et al., 2007; Chi, 2008; Lovemen, 1998). Schneider (1991) concluded that employee satisfaction and customer satisfaction are positively correlated and Schlesinger and Zomitsky (1991) found that this relationship gets stronger as employee increase in tenure (as cited in Bernhardt, 2000).

Pugh, 2002 points out that employee satisfaction lead to organizational outcomes such as customer satisfaction and financial performance. In consistent manner, Service Profit Chain proposed by Heskett, 1994 support positive link between employee satisfaction and customer satisfaction which in turn, enhance firms profitability in the long run and Employee Customer Profit Chain proposed by Rucci, 1998 posits that employee satisfaction and customer satisfaction are positively related. Employee satisfaction is critical to achieve firms' success and profitability. Several studies have shown positive and significant effect of employee satisfaction on firm's profitability (Heskett, 1994; Rucci, 1998; Pugg, 2002; Dabholkar, 2008).

### **vii Employee Satisfaction Foster Customer Satisfaction**

Employee satisfaction can be enhanced by employing organizational practices i.e. human resource practice such as training, recruitment, selection, etc, availability of job resources (organization support i.e. coworker support, supervisor support) and internal service quality. Internal service quality has an impact on employees' service capability, i.e., their ability, authority, and latitude to meet the customers' needs. Service capability increases employees' productivity and output quality. Further, employees' productivity influence service value perceived by customers. Service value means the results customer receive in relation to the total costs (both the price and other costs to customers incurred in acquiring the service). Service value has a positive connection with customer satisfaction, which leads to customer loyalty (Ju, 2005).

In addition to it, the employees relationship to the customer and to the organization has a huge relevance, its balance is necessary to the success of the both parties in the exchange relationship as their influence on the service, service delivery, service production and ultimately customer satisfaction is very substantial, also is their profitability to the organization necessary to the sustenance of the business (Chigozirim, 2008). Moreover, customer orientation of service employees is imperative to enable employees to meet customer service related expectations.

## **2.10 Measures of Job Satisfaction**

Since job satisfaction is a frequently studied variable, it is necessary to review the existing scales that exist. Job satisfaction is generally measured by interviews or questionnaires that are administered to the employees. While interviews are time consuming, they do provide more in depth information because respondents disclose more information about the issues under discussion (Spector, 1997). He mentions that the easiest way to measure job satisfaction is by using one of the existing scales as these scales have already been tried and tested and their reliability and validity have already been established.

There are many scales that abound for measuring job satisfaction. According to Muchinsky (1993), the literature on job satisfaction is confusing because some researchers measure satisfaction on a global level, while others measure the facets of job satisfaction with the result that the facets being measured are not necessarily the same. A review of three popular scales according to Muchinsky (1993) will provide some insight into the measurement of job satisfaction. These three scales are the Job Descriptive

Index, Minnesota Satisfaction Questionnaire and the Faces Scale. *The Job Descriptive Index (JDI)* This JDI is the most frequently used survey and researched measure of job satisfaction. It was originally developed by Smith, Kendall and Hulin (1969) and later revised by Smith (1985). The JDI measures five specific facets of job satisfaction namely, satisfaction with work itself, supervision, pay, promotions and co-workers. Each individual facet comprises of either 9 or 18 items. The test-retest reliability of 0.57 for this scale was reached after a 16-month interval and researchers felt this score was high enough “to justify the JDI in 46 longitudinal studies because satisfaction can change over time” (Muchinsky, 1993, p. 297). *Minnesota Satisfaction Questionnaire (MSQ)* According to Muchinsky (1993), this is the second most popular scale. The MSQ, developed by Weiss, Dawis, England and Lofquist in 1967 was designed to measure job satisfaction with 20 facets of a job. Each 20 facets are made up of five items to which an individual is to respond on a five-point Likert scale. The MSQ comes in two forms namely, the 100-item long version and the 20-item short version. The scale ranges from *very dissatisfied* to *very satisfied*. While the MSQ is more time consuming than the JDI, four of its scales corresponds with that of the JDI. Muchinsky (1993) claims that the number of facets a job satisfaction scale should measure is open to debate since data has shown that these facets are not independent. *Faces Scale* According to Muchinsky (1993) this scale was developed by Kunin in 1955 and is vastly different to the two discussed above, as it measures global satisfaction as opposed to facet satisfaction, which uses words or phrases. According to Muchinsky (1993), this is the third most popular scale. The advantage of this scale is that it allows less room for ambiguity since the individual simply selects the picture face that reflects how he or she feels at that moment. In

addition to the three scales reviewed above, a few other existing scales are mentioned below. According to Spector (1997) *The Job Diagnostic Survey (JDS)* is a tool that was developed to measure job characteristics on people. This scale covers areas of job satisfaction such as growth, pay, security, social and supervision. Spector (1997) states that *The Job in General Scale (JIG)* is the same format as the JDI and contains 18 items. This scale was designed to measure overall job satisfaction instead of facets of job satisfaction. *The Michigan Organisational Assessment Questionnaire Subscale* is a short scale containing a three item overall satisfaction subscale. *The Job Satisfaction Survey (JSS)* The Job Satisfaction Survey developed by Spector (1985 as cited in Spector, 1997) measures nine facets of job satisfaction. The nine facets measured in the scale, includes the five facets measured by the JDI, mentioned above. Muchinsky (1993) reports that there is no one best measure of job satisfaction. The researcher would use the questionnaire that measures the facets of job satisfaction that are relevant to the study providing that the questionnaire the researcher uses is reliable and valid measures of assessment.

## **2.11 Banking Business in Nigeria**

There is no universally accepted definition of bank and banking business. Thus, different people view it differently. Meriam (2001) defines a bank as an institution that deals in money and its substitutes and provides other financial services. Encarta (2004) sees bank as an organization that carries out the business of banking, taking deposits and then using those deposits to make loans. On the other hand, banking business, according to Gorge (2000), is a service, which involves intermediation of finances through the mobilization of

savings from the units generating surplus funds for lending, to promote growth and development, which in turn, maximizes profit for the organization.

Bolaji (2001) redefines banking business with the advent of universal banking as: Banking started in Nigeria as early as 1892 in Lagos with the opening of the first branch of the African Banking Corporation (ABC). In 1883, the British Bank for West Africa (BBWA) was formed. BBWA, now First Bank of Nigeria Plc was registered in London as a Limited Liability Company in March 1894, the number of banks has been on the increase, except for the distressed and liquidation witnessed by the industry between 1992 and 1997. Eke (2003) states that in 1981, there were only 26 banks in Nigeria. However, through the liberalization of the licensing of banks, by December 1991, there were altogether 120 commercial and merchant banks operating. During the period 1990 to 1994, upheavals in the banking industry, coupled with the low capacity utilization in the industries and the general economic recession and down-turn, led to the market shares and fortunes of the banks and the non-bank financial institutions to be depleted. Competition for deposits among the banks led to high costs of funds, which were invariably passed to the borrowers. Political uncertainties resulting from the annulment of the June 12, 1993 presidential election led to capital flight and massive withdrawal of funds from the banking sector. The macro-economic policy reversal by the Federal Government of Nigeria through the 1994 fiscal budget further worsened the already weak position of the banks. These consequently led to a culmination of problems in the banking industry.

Accordingly, Eke (2003) reports that by 1993, 16 banks were declared distressed. The situation continued to deteriorate in the banking sector with about 33% of the banks being declared distressed by 1994. The situation worsened still in 1995 when 60 of the 115 operating banks were declared distressed, thus reducing the number to only 55. In 1998 and 1999, the number increased to 89 and 90 respectively, but dropped again to 89 in early 2000. The number however, rose by the end of the year and continued to rise through 2003.

In this connection, Agosto (2002) reports that by the end of 2000, there were 90 banks in Nigeria, 57 commercial banks and 33 merchant banks. Chibuzo (2003) adds that as at March 2003, there were 92 banks licensed in Nigeria, which is made up 60 commercial banks (some of which have gone universal) and 32 merchant banks (most of which have gone or are subsidiaries to universal banks). However, Soludo (2004) reports that as at the end of June 2004, there were 89 deposit money banks operating in Nigeria, comprising institutions of various sizes and degree of soundness. Branch network of these banks has been put at 3300.

The drop in the number of banks between 2003 and 2004 clearly indicates persistent symptom of distress in the industry. Analysts maintain that it is due to cut-throat competition amongst banks that is very prevalent and the sudden increase in paid-up capital.

The Nigerian banking industry has also been growing both in size and the number of financial services it offers. The rate of growing has been positive except in 2001 when it

dropped from 52% in 2000 to 37% in 2001. Analysts opined that the fall was as a result of unfavorable political climate and regulatory restriction. As at the middle of 2003, the industry total assets and deposit are estimated at N2.6 and N1.5 trillion respectively. The industry employees about 50,000 people directly, and an even larger number indirectly. Banks in Nigeria control 97% of the nation's financial savings (Agusto, 2003). Banks in Nigeria provide numerous services to customers. The services provided are through the various products offered and can be classified into financial intermediation, transactional services, foreign exchange services, trade services, financial advisory services, investment management and custodian services.

In line with global trends, banking business in Nigeria too has been undergoing tremendous changes especially from the mid-1990s. Consequently, in the past few years, Nigerian banks and generally the financial services industry, have embraced e-money, which has been made possible by advancements in information technology. Given the competitive financial environment of this twenty-first century, Nigerian banks have no any choice. Indeed, technological, innovation presents banks with the opportunity to gain a competitive advantage over others, through cost-effective delivery systems as evident in other countries that have long embraced e-commerce. The new payment system could, in principle, improve efficiency in payment operations and help reduce the use of currency.

According to Sanusi (2002), the introduction of such e-payment products in Nigeria commenced in 1996 when the CBN granted Allstates Trust Bank approval to introduce a

close system electronic purse called ESCA. This was followed in February 1997, with the introduction of a similar product called “Paycard”, by Diamond Bank.

The card based e-money products assumed an open platform with the authorization in February 1998, of Smartcard Nigeria Plc, a company floated by a consortium of 19 banks to produce and manage cards called valuecard and issued by the member banks. Many banks therefore launched their websites between 1998 and 2000 with a view to starting Internet banking. A consortium of more than 20 banks under the auspices of Gemcard Nigeria Limited obtained Central Bank of Nigeria’s approval in November 1999 to introduce the “Smartpay” scheme. The CBN has additionally granted approval to a number of banks to introduce international money transfer products, telephone banking and on-line banking via the Internet, though on a limited scale (Abdul Hakeem, 2003).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter deals with the design(s) employed by the study and the methods and procedures used in conducting the research work. Similarly, the population, sample size and sampling technique utilized by the study are also presented under the chapter. Furthermore, the sources from which data for the study was collected; and the techniques(s) used for analyzing the data collected are also clearly spelt out in this chapter.

#### **3.2 Research Design**

This study employed the survey and correlational research designs. The choice of the survey design is warranted by the fact that data for the study was collected from the field through a sample that is expectedly representative of the population under study. In the same vein, the correlational design was utilized because the study sought to establish perceived relationship among variables such as job satisfaction, customer satisfaction and performance (Kumar, 2005).

#### **3.3 Population of the Study**

The population of this study is in two categories; the first being the total number of employees in the selected DMBs, which stood at 43,389 as at 31st December 2014 (NSE, 2014). This number consists of 9,045 employees from First Bank Nigeria Plc, 4,794 from Union Bank Plc, 12,978 from United Bank for Africa (UBA) Plc, 2,901 from Guaranty Trust Bank Plc, 3,308 from Diamond Bank Plc, 2,484 from Skye Bank Plc and 7,879 from Zenith Bank Plc. The second category consists of all the customers of the selected DMBs for the study. The study considered the population of customers for the selected DMBs as infinite because of their high switching

behaviour (Goransson&Frenzel, 2009). Thus, the second category of the population of this study was considered as infinite or unknown.

### 3.4 Sample Size and Sampling Technique

For both the first and second categories of the study's population, an appropriate sample size was drawn using the Cochran (1977) sample size formula. According to Cochran (as cited in Bartlett, Kotrlik and Higgins, 2001); the appropriate sample size for an infinite survey population can be arrived at using the following formula:

$$n_0 = \frac{(t)^2 * (p)(q)}{(d)^2}$$

Where

$t$  = Cochran required return sample size.

$n_0$  = Value for selected alpha level in each tail.

$(p)(q)$  = Estimate of population variance (computed as maximum possible proportion \*1 – maximum possible proportion).

$d$  = Acceptable margin of error for proportion being estimated.

Given that the actual population of customers is not known, an appropriate sample was estimated based on the characteristics of the population. The study adopted an acceptable error margin of 5%. Based on the formula above, the various values are defined below:

$t$  = Value for selected alpha level of 0.025 in each tail = 1.96.

$(p)(q)$  = (0.5) \* 1 – 0.5 = 0.25

$$n_{-1} = 0.05$$

Substituting these values into the formula; we have:

$$n_{-0} = \frac{(1.96)^2 * (0.5)(0.5)}{(0.05)^2} = 384$$

The study selected a maximum possible proportion of 0.5 because according to Krejcie and Morgan (1970), this proportion will result in the maximization of variance which will also produce the maximum sample size. Similarly, an acceptable margin of error of 5% was also adopted for computing the sample size because Krejcie and Morgan (1970) posited that the general rule for acceptable margin of error in educational and social research is 5% for categorical data and 3% for continuous data. The application of the formula resulted in a sample size of 384 DMB customers.

For the second category, the appropriate sample size was determined after adjusting the initial infinite sample size using the adjusted sample size formula recommended by Cochran (1977). According to Cochran (as cited in Bartlett, et al., 2001), the adjusted sample size formula for a finite population is given as follows:

$$n_{-1} = \frac{n_{-0}}{1 + \frac{n_{-0}}{N}}$$

Where

$n_{-0}$  = Minimum returned sample size

$d$  = Required return sample size

$N =$  The population

To draw the appropriate sample for employees of DMBs, the relevant values were substituted into the formula as follows:

$$n_0 = 384$$
$$N = 43,389$$

Substituting these figures into the formula, we have:

$$n_1 = \frac{384}{1 + (384 / 43,389)} = 381$$

The sample size drawn from the second category based on the total population of 43,389 employees of DMBs is approximately 381 employees. This figure served as the number of respondents for the study from the selected DMBs.

In the case of sampling technique, the 384 customers of DMBs were selected using accidental sampling. This was necessary in view of the fact that customers have high switching behaviour. According to Goransson and Frenzel (2009), customers are not easily identified, especially for service-oriented businesses like banks. Thus, customers who served as sample respondents were met in the banking hall and selected as sample immediately after patronizing any of the services provided by the bank. This process was continuously repeated until the desired sample size was attained. For the second category, the sample size of 376 employees of DMBs was proportionately allocated among the selected DMBs based on the size of their employees. The summary of the proportionate allocation is provided in Table 3.1.

**Table 3.1 Allocation of Employees' Sample Size among Selected DMBs**

<i>Bank</i>	<i>Proportion</i>	<i>Sample size allocated</i>
First Bank of Nigeria Plc	9,045/43,389 x 381	79
Union Bank Plc	4,794/43,389 x 381	42
United Bank for Africa Plc	12,978/43,389 x 381	114
Guaranty Trust Bank Plc	2,901/43,389 x 381	25
Diamond Bank Plc	3,308/43,389 x 381	29
Skye Bank Plc	2,484/43,389 x 381	23
Zenith Bank Plc	7,879/43,389 x 381	69

Source: Researcher's Compilations

The final sample size allocated to the individual DMBs was drawn using the simple random sampling technique. In a nutshell therefore, the study adopted the simple random sampling, proportionate sampling and accidental sampling techniques.

### **3.5 Sources of Data**

For the purpose of this study, data was exclusively collected through primary sources.

Specifically, data was collected through the use of questionnaire containing carefully validated items that have been employed in previous studies of this nature. Two sets of questionnaire were developed for administration to the employees and customers of selected DMBs. The two category of respondents were expected to rank their perception on their extent of satisfaction and/or agreement with certain items on a 4-point Likert Scale. The responses received were coded and hence constituted the main data for the study

### **3.6 Administration of Data Collection Instruments**

In line with the sample size of the study, the instrument for data collection in this study, which is the questionnaire, was administered in two categories. For the first category, an additional rate of 10% of the sample size of 384 customers of DMBs was added to take care of an anticipated poor response rate. This means that a total of approximately 422 copies of the questionnaire for

customers of DMBS were administered. The addition became necessary since the sample size arrived at using Cochran (1977) sample size formula is the minimum return sample size required to generalize on the population, and thus analyses and generalizations based on responses less than 384 cannot be taken as representative of the population.

Similarly, a margin of 10% of the sample size was added to the sample size of 376 employees of DMBS, implying that a total of approximately 414 copies of the questionnaire were administered. Since the sample size was initially allocated proportionately among the selected DMBS, the additional 38 copies (constituting the 10%) were also allocated using the same approach.

In both the cases, the instruments were administered through the aid of research assistants engaged specially for this purpose. However, the researcher personally supervised the administration of copies of the questionnaire to the customers of DMBS because of the sensitive nature of the issue.

### **3.7 Validity and Reliability of Instruments**

The study adapted items the short form of the Minnesota Satisfaction Questionnaire (MSQ) which was developed by Weiss, Dawis, England and Lofquist (1967), the Service Quality (SERVQUAL) scale developed by Parasuraman, Zeithaml and Berry (1985, 1988) and the Firm Non-Financial Performance Measurement Scale developed by Lopez, Peon and Ordas (2005).

The short form of the MSQ consists of 20 items divided into two sub-scales: intrinsic with 12 items and extrinsic with eight items. Moorman (1993) factor analyzed the short form MSQ and found two important factors: one assessing satisfaction with intrinsic aspect of the job and the other assessing the extrinsic aspects, with a minimum factor loading of 0.71 for the items. In terms of reliability, coefficient alpha values for the 12 items intrinsic sub-scale range from 0.82

to 0.86; for the eight items extrinsic sub-scale between 0.70 and 0.82; and for the whole 20 items MSQ between 0.85 and 0.91 (Fields (2013)). On the overall, the MSQ is adjudged valid and reliable by previous studies.

The SERVQUAL model consists of five sub-scales, which are tangibles, reliability, responsiveness, assurance and empathy. Each of the five dimensions is made up of four items. Initial validation of the SERVQUAL scale by Parasuraman *et al.*, (1985) yielded factor loadings of between 0.51 to 0.69 for the tangibles sub-scale, 0.50 to 0.75 for the reliability sub-scale, 0.51 to 0.86 for the responsiveness sub-scale, 0.28 to 0.80 for the assurance sub-scale; and 0.59 to 0.81 for the empathy sub-scale. In terms of reliability, the coefficient alpha for the five sub-scales of tangibles, reliability, responsiveness, assurance and empathy were 0.72, 0.83, 0.82, 0.81 and 0.86 respectively. However, the overall reliability coefficient for the SERVQUAL scale was 0.92.

The Firm Non-Financial Performance Measurement Scale consists of two dimensions which include innovation and competitiveness, and economic/financial results. The first sub-scale consists of seven items while the second is made up of seven items, all of which are aimed at measuring firm performance. Validity results for the innovation and competitiveness sub-scale showed factor loadings ranging from 0.56 to 0.68 while the economic/financial results sub-scale had a range of 0.64 to 0.82. In terms of reliability, the first sub-scale had a composite reliability coefficient of 0.82 while the second had a coefficient of 0.85.

For this study, 102 copies of the questionnaire were each randomly administered to a sub-sample of DMBs' employees and customers as a pilot for establishing the reliability of the scales. This

was necessary to establish the reliability of the adapted scales based on the data of the study.

Table 3.2 presents the Cronbach alpha coefficients of the various scales.

**Table 3.2 Cronbach Alpha Coefficients**

<i>Scale/Sub-Scale</i>	<i>No. of items</i>	<i>Cronbach Alpha Coefficient</i>
Intrinsic sub-scale	12	0.57
Extrinsic sub-scale	8	0.86
<i>MSQ</i>	20	0.82
Tangibles	4	0.48
Reliability	4	0.73
Responsiveness	4	0.51
Assurance	4	0.51
Empathy	4	0.60
<i>SERVQUAL</i>	20	0.70
Innovation & competitiveness sub-scale	7	0.85
Economic/financial results sub-scale	4	0.61
<i>Firm Non-Financial Performance Measurement Scale</i>	11	0.88

Source: Pilot Study Field Data, 2014

It can be seen from Table 3.2 that the pilot results showed that the MSQ Scale has 20 items and a Cronbach alpha coefficient of 0.82. Furthermore, the SERVQUAL scale which also consists of 20 items has a coefficient of 0.70, while the Firm Non-Financial Performance Measurement Scale which is made up of 11 items has a coefficient of 0.88. The table reveals that all the three scales have coefficients that are above the threshold of 0.7 (Kothari, 2005).

### **3.8 Variable Measurement**

This study utilized the MSQ, SERVQUAL and the Firm Non-Financial Performance Measurement Scales. Measurement of the constructs employed under each scale is presented in Table 3.3.

**Table 3.3 Measurement of Variables for the Study**

<b>Variables</b>	<b>Constructs</b>	<b>Description</b>
Employee Job Satisfaction	Intrinsic	Mean of responses for the 11 items testing the extent of intrinsic satisfaction with the job
	Extrinsic	Eight items testing the extent of extrinsic satisfaction with the job
Customer Satisfaction	Tangibles	Mean of responses for the four items testing the extent of customer satisfaction with tangible aspects of the DMB's operations
	Reliability	Mean of responses for the four items testing the extent to which customers are satisfied with the reliability of DMBs' services
	Responsiveness	Mean of responses for the four items testing the extent to which customers are satisfied with the responsiveness of the DMBs to customer demands
	Assurance	Mean of responses for the four items testing the extent to which customers are satisfied with the service assurance of DMBs
	Empathy	Mean of responses for the four items testing the extent to which customers are satisfied with the service empathy of DMBs
Bank Performance	Innovation and competitiveness	Mean of responses for the seven items testing the extent of agreement with the innovative and competitive aspects of DMBs' performance
	Economic/financial results	Mean of responses for the four items testing the extent of satisfaction with DMBs' economic/financial performance

Source: Researcher's Compilations

### 3.9 Technique of Data Analysis

The study employed the Ordinary Least Squares regression to establish the perceived relationship between employee job satisfaction, customer satisfaction and DMBs' performance in Nigeria.

The parsimonious cross-sectional regression models estimated are specified below. Hypothesis one of the study, which sought to establish the perceived effect of employee job satisfaction on bank performance was tested using the results from the multiple regression model estimated as shown in equation (1) below:

$$BP_i = \alpha_0 + \beta_1 IJS_i + \beta_2 EJS_i + \varepsilon_i \dots\dots\dots (1)$$

Where:

$BP_i$  = Bank Performance as perceived by respondent i (Dependent variable)

$\alpha_0$  = constant or intercept

$\beta_1, \beta_2$  = Coefficients of the independent variables

$IJS_i$  = Intrinsic job satisfaction as perceived by respondent i (Independent variable)

$EJS_i$  = Extrinsic job satisfaction as perceived by respondent i (Independent variable)

$\varepsilon_i$  = Random disturbance term associated with response from i

Furthermore, hypothesis two was tested based on the results from the model estimated using equation (2). This hypothesis sought to establish the effect of perceived service quality on bank performance as shown in equation (2) below:

$$BP_i = \alpha_0 + \beta_1 TGB_i + \beta_2 REL_i + \beta_3 RES_i + \beta_4 ASU_i + \beta_5 EMP_i + \varepsilon_i \dots\dots\dots (2)$$

Where:

$BP_i, \alpha_0$  and  $\varepsilon_i$  are as previously defined.

$\beta_1, \beta_2, \beta_3, \beta_4$  and  $\beta_5$  = Coefficients of the independent variables.

$TGB_i$  = Tangibles as perceived by respondent i (Independent variable)

$REL_i$  = Reliability as perceived by respondent i (Independent variable)

$RES_i$  = Responsiveness as perceived by respondent i (Independent variable)

$ASU_i$  = Assurance as perceived by respondent i (Independent variable)

$EMP_i$  = Empathy as perceived by respondent i (Independent variable)

Similarly, hypothesis sought to establish the effect of employee job satisfaction on customer satisfaction as measured by service quality. Equation (3) below presents the model estimated for testing the hypothesis as follows:

$$CS_i = \alpha_0 + \beta_1 IJS_i + \beta_2 EJS_i + \varepsilon_i \dots\dots\dots (3)$$

Where:

$\alpha_0$ ,  $\beta_1$ ,  $\beta_2$ ,  $IJS_i$ ,  $EJS_i$  and  $\varepsilon_i$  are as previously defined.

$CS_i$  = Customer satisfaction (Dependent variable).

All the three hypotheses of the study were tested at 5% level of significance because it is commonly used in social science research. The decision rule is to reject the null hypothesis if the pvalue is less than the selected alpha value of 5% (or 0.05), and fail to reject if the pvalue is greater than or equal to the alpha value. The analysis of data and test of hypotheses was carried out using IBM SPSS Version 20.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

## 4.1 Introduction

This chapter dwells on the presentation, analysis and interpretation of results obtained from the field work for this study in order to provide answers to the research questions raised in chapter one. It also presents the test of hypotheses formulated for the study. The findings of the study were also discussed indepth in under this chapter.

## 4.2 Data Presentation and analysis

In line with the methodology of the study, copies of the questionnaire were administered to employees and customers of the banks selected for this study. Table 4.1 presents a summary of the analysis of responses.

**Table 4.1 Questionnaire Response Analysis**

<b>Respondents</b>	<b>Questionnaire Administered</b>	<b>Questionnaire Returned</b>	<b>Percentage Returned</b>
Bank employees	414	400	96.62%
Customers	422	400	94.77%
<b>Total</b>	<b>836</b>	<b>800</b>	-

**Source: Field Survey 2014**

It can be seen from table 4.1 that a total of four hundred and fourteen (414) copies of the questionnaire were distributed to bank employees but only four hundred (400) copies were successfully returned, representing 97% approximately. Similarly, four hundred and twenty two (422) copies of the questionnaire for bank customers were distributed but only four hundred (400) copies were successfully retrieved, representing approximately 95%. to bank Customers, they were filled and returned. It can therefore be argued that under both cases, the copies of the questionnaire successfully returned are adequate enough to run data analysis and for the purpose

of generalization as the number returned is far above the minimum return sample size suggested by the Cochran (1977) sample size formula. For a coherent presentation of results, the responses have been categorized under two sub-headings, corresponding to the responses of bank employees and those of the customers.

#### 4.2.1 Responses from Bank Employees

The questionnaire presented to bank employees required them to provide responses on questions about their bio-data and rank certain statements on the Likert scale. The responses are presented as follows:

**Table 4.2 Age of Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20-30 Years	72	18.0	18.0	18.0
31-40 Years	128	32.0	32.0	50.0
41-45 Years	122	30.5	30.5	80.5
46-50 Years	78	19.5	19.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.2 above, it can be clearly seen that 18% of the respondents are within the age of 20-30 years, 32% are within the age of 31-40 years, 32% of the respondents are within the age of 31-40 years, 30.5% of the employees are within the age of 41-45 and 19.5% are within the age 46-50 years. This shows that majority of the employees are within the age of 31-40 years. This

implied that majority of the respondents are young and energetic, hence they put in their effort in the satisfaction of the customers.

**Table 4.3 Respondents' Years of Experience**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 10-15 Years	41	10.3	10.3	10.3
16-20 Years	146	36.5	36.5	46.8
21-25 Years	166	41.5	41.5	88.3
26 Years and Above	47	11.8	11.8	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.3 above, it can be seen that 10.3% of the respondents have worked in the bank for 10-15 years, 36.5 have worked for 16-20 years, 41.5% have worked within 21-25 years and 11.8% have worked for 26 years and above. This shows that majority of the respondents have worked within 21-25 years, this implies that the highest number of the employees are experienced, therefore will be able to put in their best in the satisfaction of the customers and will be able to protect their interest in the area of motivation and other entitlement.

**Table 4.4 The chance to do different things from time to time**

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Strongly Not Satisfied	43	10.8	10.8	10.8
	Not Satisfied	208	52.0	52.0	62.8
	Satisfied	106	26.5	26.5	89.3
	Strongly Satisfied	43	10.8	10.8	100.0
	Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.4 above, it can be seen that 10.8% of the respondent are strongly not satisfied with the chance given to them to do different things from time to time, 52% are not satisfied, 26.5% are satisfied and 10.8 are strongly satisfied with the chance given to them to do different things from time to time. This shows that majority of the respondents are not satisfied with the chance given to them to do different things from time to time.

**Table 4.5 Being able to do things that don't go against my conscience**

	Frequency	Percent	Valid Percent	Cumulative Percent
Not Satisfied	178	44.5	44.5	44.5
Satisfied	186	46.5	46.5	91.0
Valid Strongly Satisfied	36	9.0	9.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.5 above, as regard to being able to do things that don't go against the respondents conscience, 44.5% of the respondents are not satisfied, 46.5 satisfied , 9% are strongly satisfied. This shows that majority of the respondents are satisfied with the chance given to them to be able to do things that don't go against their conscience.

**Table 4.6 The chance to do other things for other people**

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Not Satisfied	12	3.0	3.0	3.0
	Not Satisfied	93	23.3	23.3	26.3
	Satisfied	287	71.8	71.8	98.0
	Strongly Satisfied	8	2.0	2.0	100.0
	Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.6 above, as regard to the chance to do other things for other people, it can be deduced that 3% are strongly not satisfied, 23.3% are not satisfied, 71.8% are satisfied while 2% are strongly satisfied. This shows that majority of the respondent are satisfied with the chance to do other things for other people.

**Table 4.7 The chance to tell other people what to do**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	116	29.0	29.0	29.0
Valid Not Satisfied	151	37.8	37.8	66.8
Satisfied	133	33.3	33.3	100.0
Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.7 above, as regard to the chance to do other things for other people, it can be deduced that 3% are strongly not satisfied, 23.3% are not satisfied, 71.8% are satisfied while 2% are strongly satisfied. This shows that majority of the respondent are satisfied with the chance given to them do other things for other people.

**Table 4.8 The chance to do something that makes use of my abilities**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	13	3.3	3.3	3.3
Valid Not Satisfied	198	49.5	49.5	52.8
Valid Satisfied	128	32.0	32.0	84.8
Valid Strongly Satisfied	61	15.3	15.3	100.0
Valid Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.8 above, as regard to the chance to do something that make use of the respondents abilities, it can be deduced that 3.3% are strongly not satisfied, 49.5% are not satisfied, 32% are satisfied while 15.3% are strongly satisfied. This shows that majority of the respondent are not satisfied with the chance to do other things for other people.

**Table 4.9 The freedom to use my own judgment**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	50	12.5	12.5	12.5
Valid Not Satisfied	179	44.8	44.8	57.3
Valid Satisfied	143	35.8	35.8	93.0
Valid Strongly Satisfied	28	7.0	7.0	100.0
Valid Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.9 above, the bank employees were asked whether they are given the freedom to use their own judgment, 12.5 are strongly not satisfied, 44.8% are not satisfied, 35.8% are satisfied while 7% are strongly satisfied. This shows that majority of the respondent are not satisfied with the freedom given to them to use their own judgment.

**Table 4.10 The chance to try my own methods of doing the job**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	12	3.0	3.0	3.0
Not Satisfied	189	47.3	47.3	50.3
Satisfied	161	40.3	40.3	90.5
Strongly Satisfied	38	9.5	9.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.10 above, the bank employees were asked whether they are given the chance to try their own method of doing job, 3% are strongly not satisfied, 47.3% are not satisfied, 40.3% are satisfied while 9.5% are strongly satisfied. This shows that majority of the respondent are not satisfied with the chance given to them to try their own methods of doings the job, therefore the bank should try and allow the employees to use their initiative in introducing new ideas into the organization.

**Table 4.11 The feeling of accomplishment I get from the job**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	35	8.8	8.8	8.8
Not Satisfied	184	46.0	46.0	54.8
Satisfied	141	35.3	35.3	90.0
Strongly Satisfied	40	10.0	10.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.11 above, the bank employees were asked of the feeling of accomplishment they get from the job, 8.8% are strongly not satisfied, 46% are not satisfied, 35.3% are satisfied while 10% are strongly satisfied. This shows that majority of the respondent are not satisfied with the feeling of accomplishment they get from the job

**Table 4.12 The way my boss handles his/her workers**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	12	3.0	3.0	3.0
Valid Not Satisfied	222	55.5	55.5	58.5
Valid Satisfied	112	28.0	28.0	86.5
Valid Strongly Satisfied	54	13.5	13.5	100.0
Valid Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.12 above, the bank employees were asked of the feeling of accomplishment they get from the job, 8.8% are strongly not satisfied, 46% are not satisfied, 35.3% are satisfied while 10% are strongly satisfied. This shows that majority of the respondent are not satisfied with the way their boss handle their work.

**Table 4.13 The competence of my supervisor in making decisions**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	77	19.3	19.3	19.3
Valid Not Satisfied	141	35.3	35.3	54.5
Valid Satisfied	157	39.3	39.3	93.8
Valid Strongly Satisfied	25	6.3	6.3	100.0
Valid Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.13 above, the bank employees were asked of the competent of their supervisor in making decisions, 19.3% are strongly not satisfied, 35.3% are not satisfied, 39.3% are satisfied while 6.3% are strongly satisfied. This shows that majority of the respondent are not satisfied with the competent of their supervisor in making decisions.

**Table 4.14 The way my organization's policies are being put to practice**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	35	8.8	8.8	8.8
Valid Not Satisfied	219	54.8	54.8	63.5
Satisfied	146	36.5	36.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.14 above, the bank employees were asked of the way their organization's policies are being put to practice, 8.8% are strongly not satisfied, 54.8% are not satisfied, 36.5% are satisfied. This shows that majority of the respondent are not satisfied with the way their organization's policies are being put to practice.

**Table 4.15 My pay and the amount of work I do**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	91	22.8	22.8	22.8
Valid Not Satisfied	127	31.8	31.8	54.5
Satisfied	146	36.5	36.5	91.0
Strongly Satisfied	36	9.0	9.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.15 above, the bank employees were asked of their pay in commensuration with the amount of job they do, 22.8% are strongly not satisfied, 31.8% are not satisfied, 36.5% are satisfied while 9% are strongly not satisfied. This shows that majority of the respondent are satisfied with the pay when compared with the amount of work they do.

**Table 4.16 The chances for advancement on this job**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	13	3.3	3.3	3.3
Valid Not Satisfied	195	48.8	48.8	52.0
Valid Satisfied	179	44.8	44.8	96.8
Valid Strongly Satisfied	13	3.3	3.3	100.0
Valid Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.16 above, the bank employees were asked of the competent of their supervisor in making decisions, 19.3% are strongly not satisfied, 35.3% are not satisfied, 39.3% are satisfied while 6.3% are strongly satisfied. This shows that majority of the respondent are not satisfied with the competent of their supervisor in making decisions.

**Table 4.17 The praise I get for doing a good job**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not Satisfied	140	35.0	35.0	35.0
Valid Satisfied	235	58.8	58.8	93.8
Valid Strongly Satisfied	25	6.3	6.3	100.0
Valid Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.17 above, the bank employees were asked of the praise they get for doing a good job, 35% are not satisfied, 58.8% are satisfied, 6.3% are strongly satisfied. This shows that majority of the respondent are satisfied with the praise they get for doing a good job.

**Table 4.18 The working conditions**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	27	6.8	6.8	6.8

Not Satisfied	145	36.3	36.3	43.0
Satisfied	188	47.0	47.0	90.0
Strongly Satisfied	40	10.0	10.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.18 above, the bank employees were asked of their working condition, 6.8% are strongly not satisfied, 36.3% are not satisfied, 47% are satisfied while 10% are strongly satisfied.

This shows that majority of the respondent are satisfied with their working condition.

**Table 4.19 The way my co-workers get along with each other**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	25	6.3	6.3	6.3
Not Satisfied	236	59.0	59.0	65.3
Satisfied	113	28.3	28.3	93.5
Strongly Satisfied	26	6.5	6.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.19 above, the bank employees were asked of the way their co-workers get along with each other, 6.3% are strongly not satisfied, 59% are not satisfied, 28.3% are satisfied while 6.5% are strongly satisfied. This shows that majority of the respondent are not satisfied with the way their co-workers get along with each other.

**Table 4.20 The firm has a good reputation in its sector**

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Strongly Disagree	12	3.0	3.0	3.0
	Disagree	232	58.0	58.0	61.0
	Agree	110	27.5	27.5	88.5
	Strongly Agree	46	11.5	11.5	100.0
	Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.20 above, the bank employees were asked of the firm good reputation in the banking sector, 3% are strongly disagreed, 58% are disagreed, 27.5% agreed while 11.5% strongly agreed to the fact. This shows that majority of the respondent disagreed with the firm good reputation in the banking sector, therefore the firm should try and improve its reputation so as to improve its corporate image.

**Table 4.21 The firm's customer loyalty is high**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	202	50.5	50.5
	Agree	183	45.8	96.3
	Strongly Agree	15	3.8	100.0
	Total	400	100.0	100.0

Source: Questionnaire Administered 2014

From table 4.21 above, the bank employees were asked whether the firm's customer loyalty is high, 50.5% disagreed, 45.8% agreed and 3.8% strongly agreed to the fact. This shows that majority of the respondent disagreed with the fact that the firm' customer loyalty is high, the firm should therefore improve its customer loyalty.

**Table 4.22 The employees are satisfied working in the firm**

	Frequency	Percent	Valid Percent	Cumulative Percent
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	Disagree	183	45.8	45.8	45.8
	Agree	202	50.5	50.5	96.3
Valid	Strongly Agree	15	3.8	3.8	100.0
	Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.22 above, the bank employees were asked whether they are satisfy working in the firm, 45.8% disagreed, 50.5% agreed and 3.8% strongly agreed to the fact. This shows that majority of the respondent agreed that they are satisfied working in the firm.

**Table 4.23 The firm easily adapts to the changing conditions of the environment**

	Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly Disagree	20	5.0	5.0
Valid	Disagree	178	44.5	49.5
	Agree	202	50.5	100.0
	Total	400	100.0	100.0

Source: Questionnaire Administered 2014

From table 4.23 above, the bank employees were asked whether the firm easily adapts to the changing condition of the environment, 5.0% strongly disagreed, 44.5% disagreed and 50.5% agreed to the fact. This shows that majority of the respondent agreed that the firm easily adapts to the changing conditions of the environment.

**Table 4.24 The firm has a level of innovation higher than the sector average**

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Disagree	42	10.5	10.5	10.5
	Disagree	180	45.0	45.0	55.5
	Agree	150	37.5	37.5	93.0
	Strongly Agree	28	7.0	7.0	100.0
	Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.24 above, the bank employees were asked whether the firm level of innovation is higher than the sector average, 10.5% strongly disagreed, 45% disagreed, 37.5% agreed and 7% strongly agreed to the fact. This shows that majority of the respondent disagreed with the fact that the firm innovation is higher than the sector average.

**Table 4.25 The firm has a high success rate in new product launches**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	92	23.0	23.0
	Disagree	148	37.0	60.0
	Agree	120	30.0	90.0
	Strongly Agree	40	10.0	100.0
	Total	400	100.0	100.0

Source: Questionnaire Administered 2014

From table 4.25 above, the bank employees were asked whether the firm has a high success rate in new product launches, 23% strongly disagreed, 37% disagreed, 30% agreed and 10% strongly agreed to the fact. This shows that majority of the respondent disagreed with the fact that the firm has a high success rate in new product launches.

**Table 4.26 The products supplied by the firm are considered high quality**

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Disagree	21	5.3	5.3	5.3
	Disagree	187	46.8	46.8	52.0
	Agree	167	41.8	41.8	93.8
	Strongly Agree	25	6.3	6.3	100.0
	Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.26 above, the bank employees were asked whether the products supplied by the firm are considered high quality, 5.3% strongly disagreed, 46.8% disagreed, 41.8% agreed and 6.3 strongly agreed to the fact. This shows that majority of the respondent disagreed with the fact the firm are considered high quality.

**Table 4.27 Degree of satisfaction concerning financial performance**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Not Satisfied	51	12.8	12.8
	Not Satisfied	179	44.8	57.5
	Satisfied	157	39.3	96.8
	Strongly Satisfied	13	3.3	100.0
Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.27 above, the bank employees were asked of the Degree of satisfaction concerning financial performance, 12.8% strongly not satisfied, 44.8% are not satisfied, 39.3% are satisfied and strongly satisfied 3.3%. This shows that majority of the respondent are not satisfied with the degree of satisfaction concerning financial performance of the bank.

**Table 4.28 Degree of satisfaction concerning growth in sales**

	Frequency	Percent	Valid Percent	Cumulative Percent
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	Strongly Not Satisfied	9	2.3	2.3	2.3
Valid	Not Satisfied	274	68.5	68.5	70.8
	Satisfied	117	29.3	29.3	100.0
	Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.28 above, the bank employees were asked of the degree of satisfaction concerning growth in sales, 2.3% are strongly not satisfied, 68.5 are not satisfied and 29.3% are satisfied.

This shows that majority of the respondent are satisfied with the degree of satisfaction concerning growth in sales.

**Table 4.29 Degree of satisfaction concerning growth in profit**

	Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly Not Satisfied	12	3.0	3.0
Valid	Not Satisfied	88	22.0	25.0
	Satisfied	246	61.5	86.5
	Strongly Satisfied	54	13.5	100.0
	Total	400	100.0	100.0

Source: Questionnaire Administered 2014

From table 4.29 above, the bank employees were asked of the degree of satisfaction concerning growth in profit, 3% are strongly not satisfied, 22% are not satisfied, 61.5% are satisfied and 13.5 are strongly satisfied. This shows that majority of the respondent are satisfied with the degree of satisfaction concerning growth in profit.

**Table 4.30 Degree of satisfaction concerning sales margin**

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Not Satisfied	27	6.8	6.8	6.8
	Not Satisfied	195	48.8	48.8	55.5
	Satisfied	165	41.3	41.3	96.8
	Strongly Satisfied	13	3.3	3.3	100.0
	Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.30 above, the bank employees were asked of the degree of satisfaction concerning sales margin, 3% are strongly not satisfied, 22% are not satisfied, 61.5% are satisfied and 13.5% are strongly satisfied. This shows that majority of the respondent are satisfied with the degree of satisfaction concerning sales margin.

#### **4.2.2 Responses from bank Customers**

The following responses were recorded from bank customers who filled and returned the questionnaire. The responses are made up of the respondents' bio-data and their return of service delivery dimensions as discussed under the methodology.

**Table 4.31 Age of Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
20-30 Years	68	17.0	17.0	17.0
31-40 Years	129	32.3	32.3	49.3
Valid 41-45 Years	124	31.0	31.0	80.3
46-50 Years	79	19.8	19.8	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.31 above, it can be clearly seen that 17% of the respondents are within the age of 20-30 years, 32.3% are within the age of 31-40 years, 31% of the respondents are within the age of 31-40 years, 19.8% of the respondents are within the age of 46-50. This shows that majority of the bank customers are within the age of 31-40 years. This implied that majority of the customers are young.

**Table 4.32 Gender of Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	271	67.8	67.8	67.8
Valid Female	129	32.3	32.3	100.0
Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.32 above, it can be seen that 67.8% of the respondents are male while the remaining 32.3% are female.

**Table 4.33 Educational Qualification of Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Diploma/NCE	169	42.3	42.3	42.3
BSc/BA/BEEd	74	18.5	18.5	60.8
MA/MSc/MEd/ PhD	79	19.8	19.8	80.5
Others	78	19.5	19.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire Administered 2014

From table 4.33 above, it can be observed that 42.3% are Diploma/NCE holders, 18.5% are BSc/BA/Bed holders, 19.8% are MA/MSc/PhD holders and 19.5% have other qualification. This shows that majority of the respondents are Diploma/NCE holders.

**Table 4.34 Respondents' Years of Patronage with the Bank**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-5 Years	126	31.5	31.5	31.5
6-10 Years	105	26.3	26.3	57.8
11-15 Years	78	19.5	19.5	77.3
15 Years and Above	91	22.8	22.8	100.0
Total	400	100.0	100.0	

Source: Questionnaire Administered

From table 4.34 above, it can be seen that 31.5% of the respondents have been patronizing the bank for 1-5 years, 26.3 have been patronizing the bank for 6-10 years, 19.5% have been patronizing the bank for 11-15 years, 22.8% have been patronizing the bank for 15 years and above. This shows that majority of the respondents have been a customer of the bank for a long period of time.

**Table 4.35 Level of up-to-date equipment and facilities in my bank**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	28	7.0	7.0	7.0
Valid Not Satisfied	195	48.8	48.8	55.8
Valid Satisfied	164	41.0	41.0	96.8
Valid Strongly Satisfied	13	3.3	3.3	100.0
Valid Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.35 above, the bank customer were asked of the level of up-to-date equipment and facilities in the bank, 7% are strongly not satisfied, 48.8% are not satisfied, 41% are satisfied while 3.3% are strongly satisfied. This shows that majority of the respondent are not satisfied with the level of up-to-date equipment and facilities in the bank.

**Table 4.36 The visual appeal of physical facilities in my bank**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	15	3.8	3.8	3.8
Valid Not Satisfied	148	37.0	37.0	40.8
Valid Satisfied	113	28.3	28.3	69.0
Valid Strongly Satisfied	124	31.0	31.0	100.0
Valid Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.36 above, the bank customer were asked of the visual appeal of physical facilities in their bank, 3.8% are strongly not satisfied, 37.0% are not satisfied, 28.3% are satisfied while 31.0% are strongly satisfied. This shows that majority of the respondent are not satisfied with the visual appeal of physical facilities in their bank.

**Table 4.37 The dressing and neat appearance of my bank's employees**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not Satisfied	157	39.3	39.3	39.3
Satisfied	230	57.5	57.5	96.8
Strongly Satisfied	13	3.3	3.3	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.37 above, the bank customer were asked of the dressing and neat appearance of the bank's employees, 39.3% are not satisfied, 57.5% are satisfied and 3.3% are strongly satisfied.

This shows that majority of the respondent are not satisfied with the dressing and neat appearance of their bank's employees.

**Table 4.38 The extent to which the appearance of physical facilities in my bank is keeping with the type of services provided**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	15	3.8	3.8	3.8
Not Satisfied	53	13.3	13.3	17.0
Satisfied	189	47.3	47.3	64.3
Strongly Satisfied	143	35.8	35.8	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.38 above, the bank customer were asked of the extent to which the appearance of physical facilities in the bank is keeping with the type of services provided, 3.8% are strongly not satisfied, 13.3% are not satisfied, 47.3% are satisfied while 35.8% are strongly satisfied. This shows that majority of the respondent are satisfied with the extent to which the appearance of physical facilities in the bank is keeping with the type of services provided.

**Table 4.39 The extent to which my bank is dependable**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	17	4.3	4.3	4.3
Valid Not Satisfied	105	26.3	26.3	30.5
Valid Satisfied	163	40.8	40.8	71.3
Valid Strongly Satisfied	115	28.8	28.8	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.39 above, the bank customer were asked of the extent to which their bank is dependable, 4.3% are strongly not satisfied, 26.3% are not satisfied, 40.8% are satisfied while 28.8% are strongly satisfied. This shows that majority of the respondent are satisfied with the extent to which my bank is dependable.

**Table 4.40 The degree to which my bank promises to do something and they do it**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	15	3.8	3.8	3.8
Valid Not Satisfied	113	28.3	28.3	32.0
Valid Satisfied	182	45.5	45.5	77.5
Valid Strongly Satisfied	90	22.5	22.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.40 above, the bank customer were asked of the degree to which their bank promises to do something and they do it, 3.8% are strongly not satisfied, 28.3% are not satisfied, 45.5% are satisfied while 22.5% are strongly satisfied. This shows that majority of the respondent are not satisfied with the degree to which their bank fulfil their promises.

**Table 4.41 The extent to which my bank provides services at the time they promise to do so**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	45	11.3	11.3	11.3
Valid Not Satisfied	108	27.0	27.0	38.3
Valid Satisfied	167	41.8	41.8	80.0
Valid Strongly Satisfied	80	20.0	20.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.41 above, the bank customer were asked of the extent to which my bank provides services at the time they promise to do so, 45% are strongly not satisfied, 27% are not satisfied, 41.8% are satisfied while 20% are strongly satisfied. This shows that majority of the respondent are satisfied with the extent to which their bank fulfil their promises in terms of service provision.

**Table 4.42 The extent to which my bank keeps its records accurately**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	149	37.3	37.3	37.3
Valid Not Satisfied	98	24.5	24.5	61.8
Valid Satisfied	139	34.8	34.8	96.5
Valid Strongly Satisfied	14	3.5	3.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.42 above, the bank customer were asked of the extent to which their bank provides services at the time they promise to do so, 37.3% are strongly not satisfied, 24.5% are not satisfied, 34.8% are satisfied while 3.5% are strongly satisfied. This shows that majority of the

respondent are satisfied with the extent to which their bank provides services at the time they promise to do so.

**Table 4.43 The extent to which my bank provides prompt services to its customers**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	77	19.3	19.3	19.3
Valid Satisfied	107	26.8	26.8	46.0
Strongly Satisfied	216	54.0	54.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.43 above, the bank customer were asked of the extent to which their bank provides prompt services to its customers, 19.3% are strongly not satisfied, 26.8% are satisfied, 54% are strongly satisfied. This shows that majority of the respondent are strongly satisfied the prompt service provided by the bank to its customers.

**Table 4.44 The extent to which employees of my bank are willing to help their customers**

	Frequency	Percent	Valid Percent	Cumulative Percent
Not Satisfied	165	41.3	41.3	41.3
Satisfied	200	50.0	50.0	91.3
Valid Strongly Satisfied	35	8.8	8.8	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.44 above, the bank customer were asked of the extent to which employees of their bank are willing to help their customers, 7% are strongly not satisfied, 48.8% are not satisfied,

41% are satisfied while 3.3% are strongly satisfied. This shows that majority of the respondent are not satisfied with the extent to which employees of the bank help the customers of the bank.

**Table 4.45 The accuracy and promptness with which my bank replies customers**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	69	17.3	17.3	17.3
Valid Not Satisfied	199	49.8	49.8	67.0
Strongly Satisfied	132	33.0	33.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.45 above, the bank customer were asked of the accuracy and promptness with which their bank replies customers, 17.3% are strongly not satisfied, 49.8% are not satisfied, 33% are strongly satisfied. This shows that majority of the respondent are not satisfied with the accuracy and promptness with which their bank replies customers

**Table 4.46 The degree to which my bank arranges special care to special customers**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	112	28.0	28.0	28.0
Valid Not Satisfied	192	48.0	48.0	76.0
Strongly Satisfied	96	24.0	24.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.46 above, the bank customer were asked of the degree to which the bank arranges special care to special customers, 28% are strongly not satisfied, 48.8% are not satisfied, 24% are

strongly satisfied. This shows that majority of the respondent are not satisfied the degree to which their bank arranges special care to special customers.

**Table 4.47 The extent to which my bank can be sympathetic and re-assuring when customers have problems**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	207	51.8	51.8	51.8
Valid Not Satisfied	111	27.8	27.8	79.5
Strongly Satisfied	82	20.5	20.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.47 above, the bank customer were asked of the extent to which their bank can be sympathetic and re-assuring when customers have problems, 51.8% are not satisfied, 27.8% are strongly satisfied. This shows that majority of the respondent are strongly not satisfied with the extent to which their bank can be sympathetic and re-assuring when customers have problems.

**Table 4.48 The extent to which customers feel safe when transacting with my bank**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	67	16.8	16.8	16.8
Valid Not Satisfied	229	57.3	57.3	74.0
Satisfied	19	4.8	4.8	78.8
Strongly Satisfied	85	21.3	21.3	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.48 above, the bank customer were asked of the extent to which customers feel safe when transacting with their bank, 16.8% are strongly not satisfied, 57.3% are not satisfied, 4.8%

are satisfied while 21.3% are strongly satisfied. This shows that majority of the respondent are not satisfied with the extent to which customers feel safe when transacting with their bank.

**Table 4.49 The extent to which clients trust the employees of my bank**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	127	31.8	31.8	31.8
Valid Not Satisfied	207	51.8	51.8	83.5
Valid Satisfied	12	3.0	3.0	86.5
Valid Strongly Satisfied	54	13.5	13.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.49 above, the bank customer were asked of the extent to which clients trust the employees of my bank, 31.8% are strongly not satisfied, 51.8% are not satisfied, 3% are satisfied while 13.5% are strongly satisfied. This shows that majority of the respondent are not satisfied with the extent to which clients trust the employees of their bank.

**Table 4.50 The extent to which the employees of my bank are polite**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	213	53.3	53.3	53.3
Valid Not Satisfied	130	32.5	32.5	85.8
Valid Satisfied	5	1.3	1.3	87.0
Valid Strongly Satisfied	52	13.0	13.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.50 above, the bank customer were asked of the extent to which the employees of their bank are polite, 53.3% are strongly not satisfied, 32.5% are not satisfied, 1.3% are satisfied

while 13% are strongly satisfied. This shows that majority of the respondent are satisfied with the extent to which the employees of the bank are polite.

**Table 4.51 The degree to which employees get adequate support from the bank to do their jobs well**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	17	4.3	4.3	4.3
Not Satisfied	125	31.3	31.3	35.5
Satisfied	176	44.0	44.0	79.5
Strongly Satisfied	82	20.5	20.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.51 above, the bank customer were asked of the degree to which employees get adequate support from the bank to do their jobs well, 4.3% are strongly not satisfied, 31.3% are not satisfied, 44% are satisfied while 20.5% are strongly satisfied. This shows that majority of the respondent are satisfied with the degree to which employees get adequate support from the bank to do their jobs well.

**Table 4.52 The extent to which employees of my bank give individual attention to customers**

	Frequency	Percent	Valid Percent	Cumulative Percent
Not Satisfied	105	26.3	26.3	26.3
Satisfied	261	65.3	65.3	91.5
Strongly Satisfied	34	8.5	8.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.52 above, the bank customer were asked of the extent to which employees of their bank give individual attention to customers, 26.3% are satisfied, 65.3% are satisfied, 8.5% are strongly satisfied. This shows that majority of the respondent are satisfied with the extent to which employees of their bank give individual attention to customers.

**Table 4.53 The extent to which my bank's operating hours are convenient to all customers**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	13	3.3	3.3	3.3
Not Satisfied	96	24.0	24.0	27.3
Satisfied	213	53.3	53.3	80.5
Strongly Satisfied	78	19.5	19.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.53 above, the bank customer were asked of the extent to which the bank's operating hours are convenient to all customers, 3.3% are strongly not satisfied, 24% are not satisfied, 53.3% are satisfied while 19.5% are strongly satisfied. This shows that majority of the respondent are satisfied with the bank's operating hours as it is convenient to all customers.

**Table 4.54 The extent to which my bank tries to know what are the needs of its customers**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Not Satisfied	32	8.0	8.0	8.0
Not Satisfied	166	41.5	41.5	49.5
Satisfied	138	34.5	34.5	84.0
Strongly Satisfied	64	16.0	16.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.54 above, the bank customer were asked of the extent to which my bank tries to know what are the needs of its customers, 8% are strongly not satisfied, 41.5% are not satisfied, 34.5% are satisfied while 16% are strongly satisfied. This shows that majority of the respondent are not satisfied with the extent to which their bank tries to know what the needs of its customers are.

**Table 4.55 The firm has a good reputation in its sector**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	6	1.5	1.5	1.5
Disagree	106	26.5	26.5	28.0
Agree	217	54.3	54.3	82.3
Strongly Agree	71	17.8	17.8	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.55 above, the bank customer were asked whether the firm has a good reputation in its sector, 1.5% strongly disagreed, 26.5% disagreed, 54.3% agreed while 17.8% strongly agreed to the fact. This shows that majority of the respondent agreed that the firm has a good reputation in its sector.

**Table 4.56 The firm's customer loyalty is high**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	34	8.5	8.5	8.5
Disagree	186	46.5	46.5	55.0
Agree	134	33.5	33.5	88.5
Strongly Agree	46	11.5	11.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.56 above, the bank customer were asked whether the firm's customer loyalty is high, 8.5% strongly disagreed, 46.5% disagreed, 33.5% agreed while 11.5% strongly agreed to the fact. This shows that majority of the respondent disagreed to the fact that the firm's customer loyalty is high.

**Table 4.57 The employees are satisfied working in the firm**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	99	24.8	24.8	24.8
Valid Disagree	97	24.3	24.3	49.0
Valid Agree	184	46.0	46.0	95.0
Valid Strongly Agree	20	5.0	5.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.57 above, the bank customer were asked whether the employees are satisfied working in the firm, 24.8% strongly disagreed, 24.3% disagreed, 46% agreed while 5% strongly agreed to the fact. This shows that majority of the respondent agreed to the fact that the employees are satisfied working in the firm.

**Table 4.58 The firm easily adapts to the changing conditions of the environment**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	50	12.5	12.5	12.5
Valid Disagree	100	25.0	25.0	37.5
Valid Agree	132	33.0	33.0	70.5
Valid Strongly Agree	118	29.5	29.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.58 above, the bank customer were asked whether the firm easily adapts to the changing conditions of the environment, 12.5% strongly disagreed, 25% disagreed, 33% agreed while 29.5% strongly agreed to the fact. This shows that majority of the respondent agreed to the fact that the firm easily adapts to the changing conditions of the environment.

**Table 4.59 The firm has a level of innovation higher than the sector average**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	3	.8	.8	.8
Valid Disagree	167	41.8	41.8	42.5
Valid Agree	209	52.3	52.3	94.8
Valid Strongly Agree	21	5.3	5.3	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.59 above, the bank customer were asked whether the firm has a level of innovation higher than the sector average, 8% strongly disagreed, 41.8% disagreed, 52.3% agreed while 5.3% strongly agreed to the fact. This shows that majority of the respondent agreed that the firm has a level of innovation higher than the sector average.

**Table 4.60 The firm has a high success rate in new product launches**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	13	3.3	3.3	3.3
Valid Disagree	197	49.3	49.3	52.5
Valid Agree	111	27.8	27.8	80.3
Valid Strongly Agree	79	19.8	19.8	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.60 above, the bank customer were asked whether the firm has a high success rate in new product launches, 3.3% strongly disagreed, 49.3% disagreed, 27.8% agreed while 19.8% strongly agreed to the fact. This shows that majority of the respondent disagreed to the fact that the firm has a high success rate in new product launches.

**Table 4.61 The products supplied by the firm are considered high quality**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	10	2.5	2.5	2.5
Valid Disagree	215	53.8	53.8	56.3
Valid Agree	168	42.0	42.0	98.3
Valid Strongly Agree	7	1.8	1.8	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.61 above, the bank customer were asked whether the products supplied by the firm are considered high quality, 2.5% strongly disagreed, 53.8% disagreed, 42% agreed while 1.8% strongly agreed to the fact. This shows that majority of the respondent agreed to the fact that the products supplied by the firm are considered high quality.

**Table 4.62 Degree of satisfaction concerning financial performance**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	15	3.8	3.8	3.8
Valid Not Satisfied	79	19.8	19.8	23.5
Valid Satisfied	180	45.0	45.0	68.5
Valid Strongly Satisfied	126	31.5	31.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.62 above, the bank customer were asked of the degree of satisfaction concerning financial performance, 3.8% are strongly not satisfied, 19.8% are not satisfied, 45% are satisfied while 31.5% are strongly satisfied. This shows that majority of the respondent are satisfied with the degree of satisfaction concerning financial growth in sales.

**Table 4.63 Degree of satisfaction concerning growth in sales**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	15	3.8	3.8	3.8
Valid Not Satisfied	151	37.8	37.8	41.5
Valid Satisfied	160	40.0	40.0	81.5
Valid Strongly Satisfied	74	18.5	18.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.63 above, the bank customer were asked of the degree of satisfaction concerning growth in sales, 3.8% are strongly not satisfied, 37.8% are not satisfied, 40% are satisfied while 18.5% are strongly satisfied. This shows that majority of the respondent are satisfied with the degree of satisfaction concerning growth in sales.

**Table 4.64 Degree of satisfaction concerning growth in profit**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	33	8.3	8.3	8.3
Valid Not Satisfied	125	31.3	31.3	39.5
Valid Satisfied	184	46.0	46.0	85.5
Valid Strongly Satisfied	58	14.5	14.5	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.64 above, the bank customer were asked of the degree of satisfaction concerning growth in profit, 8.3% are strongly not satisfied, 31.3% are not satisfied, 46% are satisfied while 14.5% are strongly satisfied. This shows that majority of the respondent are satisfied with the degree of satisfaction concerning growth in profit of the bank.

**Table 4.65 Degree of satisfaction concerning sales margin**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Not Satisfied	47	11.8	11.8	11.8
Valid Not Satisfied	133	33.3	33.3	45.0
Valid Satisfied	168	42.0	42.0	87.0
Valid Strongly Satisfied	52	13.0	13.0	100.0
Total	400	100.0	100.0	

Source: Questionnaire administered 2014

From table 4.65 above, the bank customer were asked of the degree of satisfaction concerning sales margin, 7% are strongly not satisfied, 48.8% are not satisfied, 41% are satisfied while 3.3% are strongly satisfied. This shows that majority of the respondent are satisfied with the degree of satisfaction concerning sales margin.

### 4.3 Test of Hypotheses

As has been earlier presented under the introductory chapter of this study, three hypotheses have been formulated in the null form for testing. Hypothesis one is presented as follows:

H<sub>0</sub>1: Employee job satisfaction has no significant effect on bank performance in Nigeria

To test this hypothesis, proxies for intrinsic and extrinsic job satisfaction were regressed against the proxy for bank performance. Results for equation (1) which was estimated to test the statistical significance of hypothesis one are presented in Table 4.66.

**Table 4.66 Employee Job Satisfaction and Bank Performance**

<i>Variable</i>	<i>Coefficient</i>	<i>t-statistics</i>
Intercept	0.048	0.594
IJS	0.209	7.661**
EJS	0.760	27.863**
R <sup>2</sup>	0.811	
Adj. R <sup>2</sup>	0.810	
F-Statistics	851.813**	
Durbin Watson Statistics	2.177	

Source: SPSSOutput, 2014

\*\* implies significance at the 5% level.

From Table 4.66, it can be seen that the intercept of the regression is positive and not statistically significant at the 5% level. Furthermore, it can be seen from the table that the two independent variables, which are the dimensions of employee job satisfaction all have positive coefficients. While IJS has a coefficient of approximately 0.21, EJS has a coefficient of 0.76. However, the coefficients of the two independent variables are significant at the 5% level.

On the other hand, the model's R<sup>2</sup> which shows fitness of the model is approximately 0.81. Similarly, an adjusted R<sup>2</sup> of 0.81 shows that the explanatory variables jointly explain the dependent variable to the tune of 81%. The Durbin Watson value of 2.177 suggests little evidence of autocorrelation among the residuals in the model.

Most importantly, the F-statistics of approximately 13.10 with a pvalue of 0.000 shows that the model is well fitted and thus provide evidence of rejecting the null hypothesis that employee job

satisfaction has no significant effect on bank performance in Nigeria. The rejection of the null hypothesis means that employee job satisfaction has significant effect on bank performance in Nigeria.

Similarly, the test of hypothesis two was based on the regression model presented as equation (2). The hypothesis can be stated as follows:

H<sub>0</sub>2: Customer satisfaction has no significant effect on bank performance in Nigeria.

As was the case for hypothesis one, hypothesis two was also tested using multiple regression.

Results for the test of hypothesis are presented in Table 4.67 below:

**Table 4.67 Customer Satisfaction and Bank Performance**

<i>Variable</i>	<i>Coefficient</i>	<i>t-statistics</i>
Intercept	1.850	11.753**
TGB	0.005	0.070
REL	0.005	0.073
RES	-0.001	-0.025
ASU	-0.036	-0.749
EMP	0.381	8.030**
R <sup>2</sup>	0.143	
Adj. R <sup>2</sup>	0.132	
F-Statistics	13.098**	
Durbin Watson Statistics	1.704	

Source: SPSSOutput, 2014

\*\* implies significance at the 5% level.

Table 4.67 shows that the intercept of 1.85 is statistically significant at the 5% level.

Furthermore, the table reveals that the coefficient of TGB is 0.005, REL is also 0.005, RES is -0.001, ASU is -0.036, and EMP is 0.381. Among the five explanatory variables however, only EMP is significant at 5%. However, the R<sup>2</sup> of 0.14 may be considered low but the fitness of the

model allays this fear. Accordingly, the adjusted  $R^2$  is also low at 0.13. The Durbin Watson of 1.70 implies absence of autocorrelation.

From the table, it can also be seen that the F-statistics of approximately 13.10 with a pvalue of 0.000 is significant at the 5% level, suggesting the rejection of the null hypothesis which states that customer satisfaction has no significant effect on bank performance in Nigeria. This implies that customer satisfaction has significant effect on bank performance in Nigeria. Hypothesis three of the study was also tested using regression model. The hypothesis is stated as follows:

H<sub>03</sub>: Employee job satisfaction has no significant effect on customer satisfaction in the Nigerian banking industry.

The results for the test of hypothesis are presented in Table 4.68

**Table 4.68 Employee Job Satisfaction and Customer Satisfaction**

<i>Variable</i>	<i>Coefficient</i>	<i>t-statistics</i>
Intercept	3.182	24.047**
IJS	-0.106	-1.763
EJS	-0.206	-3.431**
$R^2$	0.080	
Adj. $R^2$	0.075	
F-Statistics	17.285**	
Durbin Watson Statistics	1.877	

Source: SPSSOutput, 2014

\*\* implies significance at the 5% level.

It can be seen from the table above that the intercept of 3.18 is significant at the 5% level, while the coefficient of -0.11 for IJS is not significant at the 5% level. However, the value of -0.21 for the coefficient of EJS is significant at the 5% level. The  $R^2$  value of 0.08 is low, which also gave rise to an adjusted  $R^2$  of 0.075.

For the test of hypothesis, the F-statistics of approximately 17.29 with a significance of 0.000 implies the rejection of the null hypothesis which suggests that employee job satisfaction has no significant effect on customer satisfaction of banks in Nigeria. This means that employee job satisfaction significantly affects customer satisfaction in the Nigerian banking industry.

#### **4.4 Discussion of Findings**

The test of hypotheses for this study has led to the establishment of some findings regarding the relationship between employee job satisfaction, customer satisfaction and bank performance in Nigeria. First and foremost, the study established that employee job satisfaction has significant effect on the performance of banks in Nigeria. Furthermore, the nature of this relationship suggests that employee job satisfaction positively drives bank performance in Nigeria. This finding implies that the more satisfied are bank employees in Nigeria, the better should be the performance. The finding of positive effect of employee job satisfaction on bank performance is consistent with those of Fried and Ferris (1987) Parisi and Weiner (1999) and Weiner (2000). Specifically, extrinsic job satisfaction appeared to have contributed more than intrinsic satisfaction.

In the same vein, the study also found that customer satisfaction has significant effect of bank performance in Nigeria. The nature of the relationship established by the study is positive, implying that customer satisfaction in the form of effective service delivery enhances overall bank performance in Nigeria. It can therefore be posited from the study that the higher the level of customer satisfaction in the form of service delivery, the higher will be the performance of banks in Nigeria. Even though the overall result showed that customer satisfaction positively

affects bank performance, the effect of empathy seemed to be more pronounced and thus drives most of the relationship. This finding is consistent with the previous works of Locke (2000), Angelova and Zekiri (2011) and Rahaman, *et al.* (2011) who variously established that customer satisfaction in the form of perceived effect service quality has significant effect on firm performance.

Lastly, the study also established that employee job satisfaction has significant effect on customer satisfaction in the Nigerian banking industry. An interesting part of this finding is that the perceived relationship between employee job satisfaction and customer satisfaction was documented to be negative. In specific terms, the coefficient of intrinsic and extrinsic job satisfaction were both negative. However, the negative association for the extrinsic factors was more pronounced and statistically significant. This finding implies that more satisfaction on the part of bank employees may lead to less satisfaction to bank customers in Nigeria. As much as this finding may seem to be a paradox, it can be logically explained based on the perceived apriori relationship that should exist between employee job satisfaction and customer satisfaction. The finding suggests a trade-off in the use of resources by the bank management to either enhance employee or customer satisfaction. This means that when the bank commits to improving employee well being either intrinsically or extrinsically, less resources may be available to pursue effective service delivery. This may in turn lead to a decrease in the overall effectiveness of service delivery. The finding is consistent with that of Goransson and Frenzel (2009) and negates those of Onut, Erdem and Hosver (2012) and Nigmonov (2010) who found positive relationship between employee job satisfaction and customer satisfaction among firms.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary

The overall aim of this research work is to investigate the relationship between employee job satisfaction, customer satisfaction and bank performance in Nigeria. Chapter one, which is the introductory chapter of the study dwelt on critical issues such as the background to the study, the statement of the problem and the attendant research questions that were raised to sharpen the focus of the study. Other important issues discussed in the introductory chapter included the objectives that the study sets out to achieve, the research hypotheses to be tested in the course of the study, the significance of the study, scope of the study, limitations of the study and the operational definition of terms used in the study.

In chapter two, an attempt was made to review relevant and related literature on the subject matter. Specifically, the concepts of employee job satisfaction, customer satisfaction and bank performance were reviewed with a view to enhancing their understanding as the basic issues in this study. In the same vein, the chapter contains the review of previous studies on the study with the aim of establishing the gap in knowledge. the chapter dwelt on the theoretical frameworks that could explain the study and selected the one that best underpins the study.

Chapter three comprised the research methodology. The chapter dwelt on the design adopted by the study as well as the population, sample size and sampling technique. Furthermore, the source of data for the study, which is exclusively from primary sources was also discussed. Specifically, the study primary sources of data in the form of questionnaire to collect relevant information for the study. The validity and reliability of instruments used for collecting the relevant data was

also thoroughly discussed, with particular reference to cronbach alpha coefficient and factor loadings of each instrument. The chapter also discussed the variables used by the study and how each of these variables was measured. The last part of this chapter dwelt on the technique employed to analyze the data for the study as well as the test of hypotheses. The simple percentage approach was used to classify and present responses for an indepth discussion, while regression analysis was employed to test the hypotheses raised by the study.

Chapter four contains data analysis and presentation. The responses received from the 400 employees of the selected banks as well as another 400 responses from customers of the same banks were presented and analyzed under this chapter. Similarly, the three hypotheses raised by the study were tested under the chapter and the results from the test resulted in the rejection of the null hypotheses in all the three cases. The study therefore found that employee job satisfaction has positive and significant effect on bank performance in Nigeria, and among the two measures of satisfaction, extrinsic factors account for more effect on the performance of banks in Nigeria than their intrinsic counterparts. In the same vein, the study also found positive and significant effect of customer satisfaction on banks performance in Nigeria, with empathy accounting for most of the effect and thus driving the relationship. The third finding of the study is that employee job satisfaction has negative and significant influence on customer satisfaction in the Nigerian banking industry. The negative influence can be attributed to the perceived trade-off in the use of organizational resources to either improve employee welfare or customer service quality.

## **5.2 Conclusion**

Employee satisfaction and customer satisfactions are essential for profit maximization in the banking industry. Employee Job satisfaction and customer satisfaction are major factors to contend with, especially in service organizations like banks. It can thus be concluded that employee job satisfaction drives the performance of banks in Nigeria as it is only when such employees are satisfied that their morale is boosted to put in more effort at work. Thus, job satisfaction brings pleasurable emotional state that often leads to a positive work attitude. A satisfied worker is more likely to be creative, flexible, innovative and loyal. For an organization, job satisfaction of its workers means a workforce that is motivated and committed -to high quality performance. Increased productivity the quantity and quality of output per hour worked seems to be a by-product of improved quality of working life.

Similarly, customer satisfaction can greatly enhance bank performance because enhanced customer satisfaction in the form of improved service quality leads to less complaints, less costs and repeated patronage on the part of the customer. Moreover, a satisfied customer is motivated to attract more customers to the bank. On the whole, more satisfied workers and customers will tend to add more value to an organization. Employee and customer satisfaction is thought to be one of the primary requirements of a well run organization and considered an imperative by all corporate managements.

Furthermore, employee job satisfaction has an over-bearing influence on customer satisfaction in the Nigerian banking industry in that the resources available to the bank at any given time have implications for the level of satisfaction that can be achieved by the employee and the customer.

Where the bank commits more to employee job satisfaction, the amount of resources available to it to pursue improved service quality is bound to shrink, leading to a decline in service quality improvement. The bank is therefore faced with the challenge of optimizing the use of resources between achieving employee job satisfaction and improving service quality as the two can be seen as mutually exclusive.

### **5.3 Recommendation**

Following from the findings of the study, the following recommendations have been made with a view to improving job satisfaction, customer satisfaction and bank performance in Nigeria:

- i. Since extrinsic factors tend to affect bank performance more pronouncedly, the management of banks in Nigeria should pay special attention to extrinsic rewards such as salaries, allowances, promotion, bonuses and monetary reward to outstanding employees. This will go a long way in enhancing job satisfaction, and by implication promote organizational performance in the Nigerian banking sector.
- ii. It is also recommended that there is the need for banks in Nigeria to pay special attention to training their employees on issues that have to do with understanding the feelings of customers since empathy in the course of service delivery highly promotes bank performance in Nigeria. Specifically, there is the cogent need for banks in Nigeria to train their employees on issues relating to customer psychology and the ability to read their facial expressions and body language. Thus, training programmes for bank employees should largely be constituted of issues on understanding the feelings of the customer and how to solve his/her problems.

iii. Lastly, the management of banks in Nigeria should seek to achieve an optimal level of apportioning resources between employee job satisfaction and customer satisfaction. However, the variation in the apportionment should not be too large as the higher the percentage on say employee job satisfaction, the lower will be the effect of customer satisfaction in the Nigerian banking sector.

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**APPENDIX I**

**EMPLOYEE QUESTIONNAIRE**  
**INTRODUCTORY LETTER**

Department of Business Administration,  
Ahmadu Bello University,  
Kongo Campus,  
Zaria,  
Kaduna State.  
22<sup>ND</sup> November, 2014

Dear Sir/Madam,

I am a Postgraduate Student of Department of Business Administration, Ahmadu Bello University, Zaria. As part of the requirement for the award of Master of Science in Business Administration (M.Sc), I am undertaking a research on “INVESTIGATING THE RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION, CUSTOMER SATISFACTION AND BANK PROFITS”

I am soliciting for your cooperation to kindly answer the questions attached here with. All information would be treated confidentially and would be used for academic purpose only.

Yours faithfully,

SalisuAminuGummi

## QUESTIONNAIRE

### 1 Age of Respondents

- a. 20 – 30 ( )
- b. 31- 40 ( )
- c. 41-45 ( )
- d. 46 and above ( )

### 2. Respondents' Years of Experience

- a. 10 – 15 ( )
- b. 16 – 20 ( )
- c. 21- 25 ( )
- d. 26 and above ( )

### 3. The chance to do different things from time to time

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

### 4. Being able to do things that don't go against my conscience

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

### 5 The chance to do other things for other people

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

### 6. The chance to tell other people what to do

- a. strongly not satisfied ( )
- b. Not Satisfied ( )

- c. Satisfied ( )
- d. Strongly Satisfied ( )

7 The chance to do something that makes use of my abilities

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

8. The freedom to use my own judgment

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

9. The chance to try my own methods of doing the job

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

10. The feeling of accomplishment I get from the job

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

11. The way my boss handles his/her workers \

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

12. The competence of my supervisor in making decisions

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

13. The way my organization's policies are being put to practice

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

16. The praise I get for doing a good job

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

18. The way my co-workers get along with each other

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

19. The firm has a good reputation in its sector

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

20. The firm's customer loyalty is high

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

21. The employees are satisfied working in the firm
- a. strongly not satisfied ( )
  - b. Not Satisfied ( )
  - c. Satisfied ( )
  - d. Strongly Satisfied ( )
22. The firm easily adapts to the changing conditions of the environment
- a. strongly not satisfied ( )
  - b. Not Satisfied ( )
  - c. Satisfied ( )
  - d. Strongly Satisfied ( )
23. The firm has a level of innovation higher than the sector average
- a. strongly not satisfied ( )
  - b. Not Satisfied ( )
  - c. Satisfied ( )
  - d. Strongly Satisfied ( )
24. The firm has a high success rate in new product launches
- a. strongly not satisfied ( )
  - b. Not Satisfied ( )
  - c. Satisfied ( )
  - d. Strongly Satisfied ( )
25. The products supplied by the firm are considered high quality
- a. strongly not satisfied ( )
  - b. Not Satisfied ( )
  - c. Satisfied ( )
  - d. Strongly Satisfied ( )
26. Degree of satisfaction concerning financial performance
- a. strongly not satisfied
  - b. Not Satisfied
  - c. Satisfied
  - d. Strongly Satisfied

27. Degree of satisfaction concerning growth in sales

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

28. Degree of satisfaction concerning growth in profit

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

29. Degree of satisfaction concerning sales margin

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

**APPENDIX II**

**CUSTOMER QUESTIONNAIRE**  
**INTRODUCTORY LETTER**

Department of Business Administration,  
Ahmadu Bello University,  
Kongo Campus,  
Zaria,  
Kaduna State.  
22<sup>ND</sup> November, 2014

Dear Sir/Madam,

I am a Postgraduate Student of Department of Business Administration, Ahmadu Bello University, Zaria. As part of the requirement for the award of Master of Science in Business Administration (M.Sc), I am undertaking a research on “PERCEIVED RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION, CUSTOMER SATISFACTION AND BANK PERFORMANCE IN SELECTED MONEY DEPOSIT BANK’S IN NIGERIA”

I am soliciting for your cooperation to kindly answer the questions attached here with. All information would be treated confidentially and would be used for academic purpose only.

Yours faithfully,

SalisuAminuGummi

## Questionnaire for Customers

### 1. Age of Respondents

- a. 20 – 30 ( )
- b. 31- 40 ( )
- c. 41- 45 ( )
- d. 46 and above ( )

### 2. Gender of Respondents

- a. Male ( )
- b. Female ( )

### 3 Educational Qualification of Respondents Table 4.34 Respondents' Years of Patronage with the Bank

- a. Diploma/NCE ( )
- b. B.Sc/BA/Bed ( )
- c. MA/MSc/Med/PhD ( )
- d. Others ( )

### 4 Respondents' Years of Patronage with the Bank

- a. 10 – 20 ( )
- b. 21- 30 ( )
- c. 31- 40 ( )
- d. 40 and above ( )

### 5 Level of up-to-date equipment and facilities in my bank

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

### 6 The visual appeal of physical facilities in my bank

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

7 The dressing and neat appearance of my bank's employees

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

8 The extent to which the appearance of physical facilities in my bank is keeping with the type of services provided

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

9 The extent to which my bank is dependable

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

10 The degree to which my bank promises to do something and they do it

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

11 The extent to which my bank provides services at the time they promise to do so

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

12 The extent to which my bank keeps its records accurately

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

13 The extent to which my bank provides prompt services to its customers

- a. strongly not satisfied ( )

- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

14 The extent to which employees of my bank are willing to help their customers

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

15 The accuracy and promptness with which my bank replies customers

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

16 The degree to which my bank arranges special care to special customers

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

17 The extent to which my bank can be sympathetic and re-assuring when

18 The extent to which customers feel safe when transacting with my bank

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

18 The extent to which clients trust the employees of my bank customers have problems

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

19 The extent to which the employees of my bank are polite

- a. strongly not satisfied ( )
- b. Not Satisfied ( )

- c. Satisfied ( )
- d. Strongly Satisfied ( )

20 The degree to which employees get adequate support from the bank to do their jobs well

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

21 The extent to which employees of my bank give individual attention to customers

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

22 The extent to which my bank's operating hours are convenient to all customers

- e. strongly not satisfied ( )
- f. Not Satisfied ( )
- g. Satisfied ( )
- h. Strongly Satisfied ( )

23 The extent to which my bank tries to know what are the needs of its customers

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

24 The firm has a good reputation in its sector

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )

d. Strongly Satisfied ( )

25 The firm's customer loyalty is high

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

26 The employees are satisfied working in the firm

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

27 The firm easily adapts to the changing conditions of the environment

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

28 The firm has a level of innovation higher than the sector average

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

29 The firm has a high success rate in new product launches

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

30 The products supplied by the firm are considered high quality

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

31 Degree of satisfaction concerning financial performance

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

32 Degree of satisfaction concerning growth in sales

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

33 Degree of satisfaction concerning growth in profit

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

34 Degree of satisfaction concerning sales margin

- a. strongly not satisfied ( )
- b. Not Satisfied ( )
- c. Satisfied ( )
- d. Strongly Satisfied ( )

**APPENDIX III**

**Case Processing Summary**

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
GROUP * ESOP	10	100.0%	0	0.0%	10	100.0%

**GROUP \* ESOP Crosstabulation**

		ESOP					Total	
		20.00	29.00	50.00	100.00	200.00		
GROUP P	Count	2	0	0	0	0	2	
	1.00 Expected	.4	.4	.4	.4	.4	2.0	
	Count	0	2	0	0	0	2	
	2.00 Expected	.4	.4	.4	.4	.4	2.0	
	Count	0	0	2	0	0	2	
	3.00 Expected	.4	.4	.4	.4	.4	2.0	
	Count	0	0	0	2	0	2	
	4.00 Expected	.4	.4	.4	.4	.4	2.0	
	Count	0	0	0	0	2	2	
	5.00 Expected	.4	.4	.4	.4	.4	2.0	
	Count	2	2	2	2	2	10	
	Total	Expected	2.0	2.0	2.0	2.0	2.0	10.0
		Count						

### Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	2.000	.001
	Cramer's V	1.000	.001
N of Valid Cases		10	

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.

**APPENDIX IV**

**Case Processing Summary**

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
GROUP * CSOP	10	100.0%	0	0.0%	10	100.0%

**GROUP \* CSOP Crosstabulation**

		CSOP				Total
		.00	50.00	100.00	200.00	
1.00	Count	0	2	0	0	2
	Expected	.4	.8	.4	.4	2.0
2.00	Count	0	2	0	0	2
	Expected	.4	.8	.4	.4	2.0
3.00	Count	2	0	0	0	2
	Expected	.4	.8	.4	.4	2.0
4.00	Count	0	0	1	1	2
	Expected	.4	.8	.4	.4	2.0
5.00	Count	0	0	1	1	2
	Expected	.4	.8	.4	.4	2.0
Total	Count	2	4	2	2	10
	Expected	2.0	4.0	2.0	2.0	10.0

### Symmetric Measures

		Value	Approx. Sig.
Nominal by	Phi	1.414	.067
Nominal	Cramer's V	.816	.067
N of Valid Cases		10	

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.